Austria	Sch20	Iran	Rls210	Pakistan	Rs26
Bahrain	Din0.900	Israel	Shk4.50	Philippines	Pes40
Belgium	BFr60	Italy	L2200	Poland	Zl 15,000
Cyprus	C£1.00	Jordan	JD1.20	Portugal	Es175
Denmark	DKr13	Korea	Won 2000	Qatar	QR10.00
Egypt	E£3.50	Kuwait	Fils.500	S.Arabia	SR8.00
Finland	FM12.50	Lebanon	L£1,000	Singapore	S$4.10
France	FFr8.00	Lux	LFr60	Spain	Pta175
Germany	DM2.60	Malta	45 cents	Sweden	SKr13
Greece	Dr200	Morocco	MDh16	Switz	SFr2.70
Hungary	Ft145	Neth	Fl 3.00	Thailand	Bht50
Iceland	IKr160	Nigeria	Naira15	Tunisia	Din0.800
India	Rs20	Norway	NKr13.00	Turkey	L5000
Indonesia	Rp3100	Oman	OR1.20	UAE	Dh8.00

EUROPE'S BUSINESS NEWSPAPER

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D 8523A

ART MARKET

Japanese buyers go to ground

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World News

Italy acts to repel influx of Albanian 'boat people'

At least 20,000 would-be refugees from Albania were blocked on ships in Italian ports or sailing towards Italy as the Rome government grappled with the latest wave of Albanian "boat people".

In Tirana, Albania said it had halted passenger trains to stem the exodus and the ports were under military control. At least 12 Albanians have died in the past two days in dockside fighting in Albanian ports, according to Italian reports. Page 18

CSCE peace talks bid

Diplomats attending the 35-member Prague Conference on Security and Co-operation in Europe will try to seek agreement for convening an international peace conference on Yugoslavia. Page 18; Croatia Fighting masks Milosevic's moves, Page 2

Exports to Iraq defended

Military goods and chemicals licensed by Britain for export to Iraq before its invasion of Kuwait did not breach trade embargoes and could not have been used in chemical warfare, said UK trade and industry secretary Peter Lilley. Page 9; UN may let Iraq sell oil worth up to $1.6bn, Page 4

Treuhand sell-off

Germany's Treuhand privatisation agency said it had sold about a quarter – more than 3,000 – of the state-owned eastern German enterprises it inherited during the unification process last year. Treuhand seeks remedy for biggest headache, Page 2

Nomura hostage protest

Two gunmen from a right-wing group took a hostage at the Tokyo headquarters of scandal-hit Nomura Securities to express the anger of private investors about the compensation paid to corporate clients. Picture, Page 4

Crackdown on Triads

Hong Kong plans to introduce tough new measures to fight triads and organised crime, and will raise the maximum penalties for repeated offenders to a HK$10m ($1.29m) fine and life imprisonment. Page 4

Greek cabinet changes

The Greek prime minister, Constantine Mitsotakis, has replaced six ministers in a reshuffle aimed at speeding up structural reforms. Page 2

UN membership

The Security Council approved without a vote a resolution recommending UN membership for North and South Korea. Page 4

Former president jailed

Former Dominican president Salvador Jorge Blanco was convicted of corruption and will start a 20-year jail sentence.

Diplomatic ties resumed

Argentina and South Africa resumed full diplomatic ties, five years after Argentina severed its relations in protest at apartheid.

Meanwhile, India and the Soviet Union announced they would extend their historic 1971 Treaty for Peace, Friendship and Co-operation for another 20 years.

Business Summary

Soviet bank chief's threat of 'harsh measures'

Gosbank, the Soviet Union's central bank, will impose "harsh measures" against banks in the republics whose unrestrained lending was fuelling an explosion in credit, Mr Victor Gerashchenko, Gosbank chairman, said. The central bank of the Russian Federation was the "worst culprit".

Mr Gerashchenko said in a tough survey of the economy: "The country is not yet responding to economic reform – *the earning of money is not* yet connected either with production or with productivity." Page 2

ROYAL DUTCH SHELL, Anglo-Dutch oil group, reported a sharp decline in profits from petrochemicals and a poor US performance. Net income fell 12 per cent to £653m ($1.12bn) on a replacement cost basis from £745m in the same quarter a year ago. Page 19; Details, Page 23

BRITISH PETROLEUM saw a poor chemicals return offset by stronger oil production and gains from divestments, to report a 10 per cent increase in second-quarter pre-tax income to £313m ($535m) on a replacement cost basis, compared with £284m in the same period last year. Page 19; Details, Page 23; Lex, Page 18

TOYOTA, Japanese car maker, is to invest about A$420m ($328m) to produce 100,000 cars a year near Melbourne, Australia. Page 3

SOTHEBY'S HOLDINGS, international auctioneer, reported taxable income of $9.12m in the six months to end-June compared with $117.1m in the same period last year. It said the bottom of the art market cycle had passed. Page 19; Lex, *Page 18*

CONSOLIDATED Press Holdings, Kerry Packer's privately-controlled media and industrial group, sold an 18 per cent stake in Australian National Industries engineering group for about A$218m ($170m). Page 21

SKF, Swedish roller bearings maker, suffered a 95.3 per cent drop in its first six months' profits to SKr63m ($10.1m). It expects a slow second-half recovery. Page 20

KLM ROYAL DUTCH Airlines posted a big rise in first-quarter net profit of Fl 135.9m ($70.4m) from Fl 41.4m in the same period of 1990. Page 20

CIBA-GEIGY, biggest Swiss chemicals group, has bought 20 per cent of Tomono Nohyaku, Japanese manufacturer of plant protection products, for an undisclosed price. Page 20

WPP, the world's largest marketing services group, fell victim to the depressed US and UK advertising markets with pre-tax profits down from £46.03m ($78.66m) to £15.99m in the first half of the year. Page 20

PLAYMATES HOLDINGS, Hong Kong-based marketer of Teenage Mutant Ninja Turtles, reported an 8 per cent rise in interim net profits to HK$379.9m ($49m). Its shares fell 9 per cent in a market used to sixfold increases in profits since the Turtles took the US by storm. Page 21

Kidnappers try to bring pressure on Israel to release prisoners

McCarthy freed after 5 years

By **Michael Littlejohns** at the United Nations, **Victor Mallet** in Jerusalem, **Andrew Jack** in London and **Peter Riddell** in Washington

MR John McCarthy, the British journalist held hostage in Lebanon for more than five years, was freed yesterday in an attempt by his kidnappers to bring pressure on Israel to release hundreds of southern Lebanese Shia Moslems and Palestinians.

Mr McCarthy arrived in the Syrian capital Damascus carrying a letter to Mr Javier Pérez de Cuéllar, the UN secretary general, in which the demands of his former captors, the extremist Islamic Jihad group, are believed to be set out.

But only hours after Mr McCarthy's release, a group opposed to Western hostage releases said it had kidnapped a Frenchman in Lebanon and threatened to kill him if any other Westerner was freed.

A man told two international news agencies in Beirut that the "Organisation for Defending Prisoners' and Hostages' Rights" kidnapped a Frenchman, identified variously as Jerome Leroux or Liro, in line with an earlier warning. "We announce our responsibility for the kidnapping of the French intelligence officer Lieutenant Jerome Leroux, who was using the cover of a humanitarian organisation," he said.

In Paris, a spokeswoman for Medecins du Monde said it had been told Mr Jerome Leyraud, administrator for the French charity in Beirut since May, had been kidnapped.

Mr McCarthy was earlier able to reassure the families of three other hostages – Mr Terry Waite, Mr Terry Anderson and Mr Thomas Sutherland – that they are all well and that he had seen them this week. Mr Waite, special envoy

Wave of enthusiasm: John McCarthy celebrates freedom with his father and brother at the UK ambassador's residence

of the Archbishop of Canterbury, had been unwell with asthma but had since recovered.

Mr Pérez de Cuéllar said he would receive the letter from the Islamic Jihad in Europe on Sunday. He travels to Geneva at the weekend, but it was not immediately clear whether he would meet Mr McCarthy in Switzerland or Britain.

The secretary general said that, based on information from "my own sources", another hostage, possibly an American, would be released shortly. But he did not expect more than two of the 11 Western hostages still being held would be released at this time.

Mr Farouq al-Shara, the Syrian foreign minister, described the release as a test to see whether the west would now press Israel to free its Lebanese and Palestinian prisoners. Speaking in a BBC interview from Istanbul, he said that after the "one or two" Beirut hostages now being freed, no more would be released until Israel complied.

Israeli officials reiterated that they are ready to take part in a hostage deal, but only if seven Israeli soldiers captured

Continued on Page 18

Further details, Page 5

French hunt for killers of Shah's last prime minister

By **George Graham** in Paris and **Roger Matthews** in London

THE LATE Shah of Iran's last prime minister, Mr Shahpour Bakhtiar, was found stabbed to death yesterday in his home at Suresnes, outside Paris, despite the protection of a four-man police guard. An aide was also killed.

France immediately tightened border controls and pledged a full investigation into the assassinations. A police hunt was launched for three Iranian men. An attempt on Mr Bakhtiar's life may have been feared as neighbours reported that the police guard around his house had *been strengthened this week.*

Police said there was no sign of forced entry to the house and no evidence of a struggle. Mr Bakhtiar, who was 75, escaped a previous attempt on his life in 1980 when gunmen posing as journalists burst into his home. A policeman was killed and three others were wounded before the gunmen were overpowered.

Iranian expatriates in Paris and London were again quick to condemn Iran for the killings. Former president Abolhassan Bani-Sadr said he had recently received a list of prominent members of the Iranian opposition who were on an Iranian government hit list.

"I received information that this time it was very serious and that the mullahs in power had decided to suppress me as well," he said.

President Hashemi Rafsanjani of Iran has been attempting to present the more pragmatic face of government to the outside world in the past *two years, but he faces opposition* from hardline supporters of the Ayatollah Ruhollah Khomeini, the former spiritual leader who died in 1989.

Indications that Mr Rafsanjani was gaining authority came with the release from a Tehran prison in April of British businessman Mr Roger *Cooper and the freeing yesterday* of Mr John McCarthy.

Mr Bakhtiar, who was jailed several times under the Shah, became an even more outspoken opponent of Ayatollah Khomeini. In April his close associate and a leading dissident, Mr Abdel Rahman Borommand, was stabbed to death outside his home in Paris. Mr Bakhtiar accused Iran of ordering the killing.

Iran's noble 'loser', Page 4

Central inspection sought for Japan finance

By **Stefan Wagstyl** in Tokyo

JAPAN'S Finance Ministry, which is trying to defuse criticism of its supervision of the scandal-hit securities and banking industries, is considering setting up a central inspection unit.

The department would combine the resources of the currently separate securities and banking inspection departments.

It would thus have powers to *investigate both banks and* securities companies.

The plan is emerging as the favoured option from a broad review of the ministry's inspection procedures after scandals in the financial markets – including brokers paying stock-loss compensation to favoured clients and dealing with gangsters, and banks arranging illegal loans for property companies.

The ministry's proposals come in the face of widespread demands from politicians and business leaders for the establishment of a Japanese version of the US Securities and Exchange Commission, an *independent watchdog.* Ministry officials say such an organisation is not necessary because the ministry itself is responsible both for setting rules and for making sure they are enforced.

Nevertheless, the ministry has tacitly acknowledged that officials are prone to conflicts of interest because they are simultaneously charged with promoting financial companies and regulating them.

The new central inspection department, if established, would therefore be separated by "firewalls" from the securities and banking bureaux.

An important question will *be the size of the new department.* The SEC in the US has 2,200 staff. The Finance Ministry's securities bureau has just 130.

The ministry is also reviewing the practice of regulating companies by issuing a combination of written and unwritten rules. The system is flexible but it can be ambiguous.

Mr Ryutaro Hashimoto, the finance minister, *yesterday* told parliament that new laws would be enacted if necessary in order to supplement administrative guidance to make regulations more transparent. He was speaking during a day-long examination of the *government's financial reform* plans.

Meanwhile, Nomura Securities, Japan's biggest broker, which has drawn intense public criticism for its role in making compensation payments, yesterday came under a different, more direct kind of attack. Two members of a right-wing organisation burst into Nomura's headquarters in *Tokyo, fired a shot and briefly* held a manager hostage. Police rescued the hostage unharmed after 90 minutes and arrested the gunmen.

Witnesses said the hostage-takers had demanded to see Mr Hideo Sakamaki, the Nomura *president, to express the anger* of private investors about compensation of corporate clients.

Lex, Page 18;
Dry season for Japanese art market, Page 17

BCCI's internal task force pointed up problem loans

By **David Lascelles**, Banking Editor, in London

THE INTERNAL task force set up by Bank of Credit and Commerce International early last year to look into its problems reported that the regular annual audit of the books "should have easily detected and corrected" many of the bank's questionable transactions.

The task force's report, completed last year, was one of a series of documents released yesterday in Washington during congressional hearings into BCCI. Testimony was being given by Mr Masihur Rahman, former finance director of the bank, who was himself a member of the task force.

BCCI set up the task force at the urging of its auditors, Price Waterhouse, after they uncovered a series of problem loans while preparing the 1989 accounts. The force consisted of four senior BCCI executives, and addressed its report to the bank's chief executive, Mr Swaleh Naqvi.

The problem loans centred mainly on advances granted by BCCI to enable nominees to act as fronts in its planned acquisition of First American, the US bank which BCCI could not buy itself directly for legal reasons.

The force said there was little doubt that there was evidence of "interlocking" arrangements to fund these activities by shareholders both in BCCI and in CCAH, BCCI's main US subsidiary. It expressed "considerable surprise and disappointment at such obvious flaws in basic banking procedures and documentation". But it maintained that a proper audit of the bank should have uncovered and halted the practice many years before.

The force's report also said the "most depressing part of our findings" was BCCI's relationship with the Gulf shipping group owned by the Gokal family, where the $705m (£412m) exposure was BCCI's largest. The report said the loans were poorly documented, and substantial amounts of them were "parked" in lightly controlled locations where they were less likely to be spotted by regulators.

All the loans had common patterns "which any reasonable audit process should have tracked down, identified and stopped forthwith," the task force said.

But the task force said that the problems loans were self-contained and did not spill over into the rest of the group. The report praised the quality of local audits and of safeguards within the group as being "of a high order, safeguarding the quality and health of the bank in all these locations".

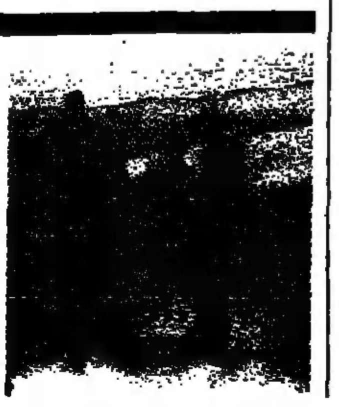
The report also concluded that since the problems had been identified and the government of Abu Dhabi was then prepared to sanction a restructuring and recapitalisation of the bank with new management, the annual report should be published as soon as was possible to restore confidence. Without this, it warned, there was at the time a serious danger of a worldwide run on the bank.

Weekend FT

Tomorrow: Crumbling spires – do Oxford's best days lie in the past?

●

Alsace: two countries for the price of one



CONTENTS

Kaifu's visit to China seen as proof of 'special relationship'

The Japanese prime minister Toshiki Kaifu (left) will arrive in Beijing bearing gifts and a tolerance of China's human rights abuses. Japan is beckoning China back to the fold.
Page 4

MARKETS

STERLING
New York lunchtime:
$1.702
London:
$1.6985 (1.714)
DM2.9275 (2.93)
FFr9.985 (9.9675)
SFr2.5625 (2.56)
Y231.75 (232.75)
£ Index 90.9 (91.0)

GOLD
New York: Comex Dec
$363.3 (362.8)
London:
$357.25 (357.15)

N SEA OIL (Argus)
Brent Sep
$19.675 (19.42)

Chief price changes yesterday: Page 19

DOLLAR
New York lunchtime:
DM1.7205
FFr5.853
SFr1.5065
Y136.35
London:
DM1.724 (1.71)
FFr5.8675 (5.815)
SFr1.509 (1.494)
Y136.5 (135.8)
$ Index 66.0 (65.9)
Tokyo close: Y135.45

US lunchtime rates
Fed Funds: $5\frac{11}{16}$%
3-mo Treasury Bills 5.503%
Long Bond: $99\frac{13}{32}$
yield: 8.165%

STOCK INDICES
FT-SE 100:
2,600.8 (+3.2)
FT Ordinary:
2,024.0 (+9.1)
FT-A All-Share:
1,241.56 (+0.2%)
New York lunchtime:
DJ Ind. Av.
3,018.34 (−8.27)
S&P Comp
390.00 (−0.56)
Tokyo: Nikkei
23,482.46 (−208.56)

LONDON MONEY
3-month Interbank:
$10\frac{13}{16}$% ($10\frac{7}{8}$)
Life long gilt future:
Sep $93\frac{15}{32}$ ($93\frac{7}{16}$)

Gloomy Gerashchenko says country is not yet responding to economic reform

Soviet bank chief threatens 'harsh measures'

By John Lloyd and Leyla Boulton in Moscow

GOSBANK, the Soviet Union's central bank, will soon impose "harsh measures" against the banks in union republics whose unrestrained lending is fuelling an explosion in credit, Mr Victor Gerashchenko, Gosbank chairman, said in an interview yesterday.

Mr Gerashchenko said he would stop supplying them with funds soon after the republics begin to sign the Union Treaty from August 20. He said that the Central Bank of the Russian Federation was the "worst culprit" among republican banks.

In a harshly realistic survey of the economy, Mr Gerashchenko said "the country is not yet responding to economic reform – the earning of money is not yet connected either with production or with productivity." The government, he said, had struggled to take unpopular measures on wages and productivity for the past two years without any result.

His comments were backed by Mr Vladimir Shcherbakov, the first deputy prime minister, who warned of hyper-inflation as price controls are lifted. In a speech to a cabinet meeting at the weekend, first reported yesterday by the official news agency Tass, Mr Shcherbakov had said that "we must take unpopular measures".

Mr Vladimir Orlov, the finance minister, had suggested suspending social projects and scrapping promised welfare programmes, together with the issue of short- and medium-term government bonds."

Mr Gerashchenko estimated that Gosbank would issue Rbs80bn of banknotes this year, instead of an estimated Rbs35bn. The income of the population had risen by 71 per cent in the first six months.

He had suggested to representatives of the IMF and the World Bank, that western countries extend further credits to the Soviet Union to allow it to buy western goods. However, the Soviet Union could honour its debt repayments, estimated at $20bn this year, "at least until December".

Mr Gerashchenko said there were a host of economic difficulties: pay was running way ahead of productivity; taxation was too low; the budget deficit was uncontrolled; the printing of money continued unabated; the internal convertibility of the rouble, planned for next January, was impossible, and government and presidential decrees and exhortations had no effect.

The position of the central bank itself was at the heart of the problem, the Gosbank chief said. Like the other institutions of waning Soviet power, it was being thrown here and there by political and populist imperatives which it could not control but for which it must often pay. It was now seeking to adapt itself to the framework of a new union within which large amounts of power are passing to the republics – a process Mr Gerashchenko finds deeply disturbing.

The central banks of the 15 republics – once mere appendages of the central state bank (itself only just becoming independent from the government) – now responded to the demands of their own governments.

The Russian central bank was the main culprit, despite the apparently close relationship between Mr Mikhail Gorbachev, the Soviet president, and Mr Boris Yeltsin, the Russian president. The Russian Bank, responding to Mr Yeltsin's will, denied all effective co-operation with Gosbank, he said.

The Russian bank had rejected a joint credit policy, agreed between the State Bank and the other union republics, under which interest rates were raised from 8 to 12 per cent and increased the commercial banks' reserve requirements to 10 per cent.

Mr Gerashchenko and the republican banks are now discussing the formation of a Central Bank Council – specified under an all-union banking law – on which representatives of the republics would sit.

Its decisions, taken by a qualified majority, would be binding on all. Mr Gerashchenko said the Baltic republics would participate.

Russia is again the odd man out: "When the youngest child is bad it is OK, but when the oldest child thinks he is grown up and misbehaves, then you must do something." Russia, with Georgia and Armenia, have not yet agreed to the formation and rules of the Central Bank Council.

The Union treaty, (Russia will be the first to sign, with Kazakhstan and Uzbekistan) offers no way out, according to Mr Gerashchenko. At the root of the problem was the pervasive vagueness in its description of how powers would be divided between the centre and the republics.

He has written to Mr Gorbachev demanding the treaty be changed to make it clear that control of the execution of monetary policy must be vested in the centre.

"Our position is very simple. If all 15 republics are using one currency, there must be only one monetary policy. When they make a decision collectively it must be applicable everywhere."

Not for the first time in the interview, Mr Gerashchenko said that "time and life will teach reality – but we are losing time."

Pressure on government to come clean about gold

By Leyla Boulton in Moscow

THE chairman of Gosbank, Mr Viktor Gerashchenko, said yesterday he was pushing the Soviet government to break its secrecy over the state's gold wealth.

Soviet reluctance to part with figures on its gold reserves remains a major obstacle to the statistical glasnost demanded by western institutions in their efforts to aid Soviet economic reforms.

He also suggested Soviet gold could provide an alternative solution for making the rouble convertible. "If. . . . we talk about the gold as collateral, what do we need assistance for? We could probably just sell the gold, or pledge gold not just with central banks, but with private institutions, and sell gold bit by bit. We are (then) talking about another kind of arrangement, but of course another type of arrangement needs more information."

But such an arrangement would be tricky because selling large quantities of gold could depress the gold price.

In its first balance sheet made public since 1936, Gosbank last month put its gold reserves at 374.56 tonnes. But Mr Gerashchenko believed this was only a small part of gold reserves available to the Soviet government. Western estimates put total Soviet gold reserves at 2,500-3,000 tonnes.

Mr Gerashchenko added the government would have to come up with figures because of its talks with the 15 Soviet republics on dividing up the country's foreign and internal debt, and by consequence, gold and foreign currency reserves.

Moscow's secrecy gives western governments and institutions further reason to be wary of Soviet requests for significant financial help. Also, this secrecy is out of line with international practice, when the Soviet Union wants to reintegrate into the world economy. This secrecy dates from the 1930s, when the country's wealth become a state secret.

Mr Oleg Mozhaiskov, head of foreign currency and economic research, acknowledged earlier this week that while some other types of economic data were simply unavailable, the Soviet government's failure to provide gold figures was the one area still "worrying western experts".

The problem stemmed mostly from sheer "inertia," but publishing figures for the extraction, sales, and accumulated reserves of gold would help show the country's ability to pay, though this had to be done in a way not to destabilise the gold market.

Viktor Gerashchenko: threat to cut off funds to republics' banks

Treuhand seeks a remedy for its biggest headache

Leslie Colitt on efforts to keep east German chemical giants alive

THE SALE of East Germany's massively-polluted and decaying chemical industry is the biggest single industrial headache for its owner, the Treuhand privatisation agency.

The agency, whose task it is to sell off corporate east Germany, decided recently that it would keep the loss-making companies afloat in spite of costing the Treuhand nearly DM1bn ($500m) a year. The decision was as much political as economic. Chancellor Helmut Kohl could not hope to win another election in east Germany if the densely-populated Leipzig-Halle region lost its largest employers.

But while western companies stand to get DM1 in government subsidies for every DM3 invested, they are understandably wary about putting money into the four main chemical producers.

Mr Klaus Schucht, the board member of the Treuhand who is responsible for selling the chemical industry, said that if key portions of it were not privatised within a year a new strategy would be needed.

"But frankly I do not know what it would be. We are not in a position to operate them ourselves as we do not have the managerial capacity," he admitted. The present managers were of little help as they were inexperienced in selling their products.

Because the Treuhand is unable to determine what products the companies must produce to survive, it cannot begin the immense task of converting the companies to environmentally cleaner output.

Between DM5bn and DM6bn must be invested in the companies to make them viable, the Treuhand estimates. The jobs of about 25,000 of the nearly 40,000 people still working in the chemicals belt could then be saved. In 1989, the companies employed 125,000.

Overmanning is the least of the problems facing a potential investor. The most difficult to rescue of the four producers is the photographic film-producing site at Wolfen where the industry relentlessly dumped its heavy-metal waste for decades. Industry sources said the only conceivable investor was a Japanese company which, however, was not committing itself.

The carbide-based chemicals complex at Bitterfeld has created an environmentally-blighted area which one German chemicals man said should be declared "off-limits" for the next 50 years. Industry executives believe there is little genuine interest in investing in Bitterfeld although the Treuhand is prepared to assume all the clean-up costs.

The giant Leuna chemicals complex was expanded piecemeal over the years and is intertwined with the 7m-tonne capacity Leuna refinery. The latter, however, is being sold separately in combination with the Minol petrol station company and the much smaller Zeitz refinery.

A prospective buyer of the Leuna refinery is confronted with the problem of separating it from the product pipelines. British Petroleum showed interest but its talks with the Treuhand were inconclusive, a company official said.

In order to make the refinery more attractive, the Treuhand wants a consortium to build a pipeline providing it with oil from the west. Currently, Leuna's sole source of supply is the Schwedt pipeline which could be cut off if problems developed in the Soviet Union.

The fourth company, Buna, was developed by the Nazis to produce synthetic rubber. It is regarded as the most viable, producing a range of polystyrene and PVC products which can be widely used. It is also the easiest site to clean up.

An executive of ICI, the UK-based chemicals company, said it wanted to co-operate with Buna in the production of ethylene oxide for surfactants, an ingredient among other things of detergents. As their manufacture is highly explosive, ICI plans to close its ethylene oxide facilities in the UK and France and could concentrate output at Buna.

For some time ICI has supplied Buna with vinyl chloride monomer (VCM) for its PVC production after Buna halted its own production in highly-polluting carbide ovens. Originally, Hüls, the German chemicals company, was to have provided Buna with the technology to produce VCM. Hüls was also said to have been interested in making larger investments in Buna but backed down because of the environmental problems.

Croatia fighting masks Milosevic's moves on other Yugoslav republics

By Judy Dempsey

SERBIA'S president, Mr Slobodan Milosevic, is continuing to tighten his grip on the southern province of Kosovo, and is moving towards dividing up the central republic of Bosnia-Hercegovina, while international attention is focused on Croatia.

Western governments are in danger of being deflected from the attempts by Mr Milosevic and his Serbs supporters to carve out the boundaries of a greater Serbia, diplomats say.

As part of this process, the Serbian parliament last week passed "temporary measures" in several Kosovo towns designed to bring their local councils, formerly administered by Albanians, under Serbian control.

Serbian control over the province has meant that Albanians working in the professions have over past year been either arrested, or summarily sacked and replaced by loyal supporters of Mr Milosevic, while the province's parliament has been dominated by pro-Serb deputies.

The 2m ethnic Albanians, who make up more than 90 per cent of the population, have been under direct Serbian rule since late 1989. Before then, Kosovo had been autonomous but, like the northern province of Vojvodina, constitutionally linked to Serbia.

Slobodan Milosevic: tightening grip on Kosovo

As part of Mr Milosevic's determination to control the media, the Serbian parliament last week formally brought under the direct control of the state, the radio and television centres in Pristina, the Novi Sad and Belgrade, the capitals of Kosovo, Vojvodina and Serbia.

Parliament claimed they were being "prepared for transformation into stock-holding companies", a view dismissed yesterday by an official from Bosnia-Hercegovina. "Mr Milosevic is simply tightening his grip on the entire machinery of propaganda in Vojvodina and in Kosovo," an official said.

Western diplomats also believe that any increase of pressure on the ethnic Albanians could radicalise them, even into rebelling. "Even though Kosovo is a virtual police state, I expect serious instability there in the next weeks," a diplomat said.

ATA, the official Albanian news agency, said the authorities in Tirana had reinforced its troops along the borders with Kosovo.

Prospects of instability in Bosnia-Hercegovina is also increasing, according to Mr Rusmir Mahmutcehajic, the deputy prime minister. He said Mr Radovan Karadzic, head of the Serbian Democratic Party (SDS), who has direct links with Mr Milosevic, had been trying to set the three ethnic communities of Serbs, Croats, and Moslems against each other. For decades, these groups have lived in peace.

Mr Mahmutcehajic said the Serbian leader had gone about this by trying to forge an alliance between the tiny Party of Bosnian Moslems (which has only two seats in the 250-strong parliament) and the SDS. "He wants to seek 'an agreement' with only some of the political parties in Bosnia-Hercegovina to annex part of that republic with Serbia," he added.

To maintain the momentum, Mr Milosevic earlier this week engineered a takeover of the second channel of Sarajevo television, according to Mr Mahmutcehajic. This channel transmitted Yutel, the television station set up last year by Mr Ante Markovic, the federal prime minister, in an attempt to break through the bias and propaganda broadcast by the six republics. Until last week, Yutel broadcast throughout Bosnia-Hercegovina 40 minutes of news from around Yugoslavia.

"The population in Banja Luca is now receiving Belgrade television, which is pro-Milosevic, pro-Serb propaganda."

About 49 per cent of the population around Banja Luca is Serb, the rest Croat or Moslem.

Mr Mahmutcehajic said the Serbs, backed by Belgrade and Serbs in the Krajina, were taking over control of the local councils.

"In our constitution drawn up last year, we agreed that Moslems, Croats and Serbs would be equally represented in positions of power. But now we have a situation where the Serbs are now discriminating against us. What will it be like in a greater Serbia?" he said.

Moslems make up 43 per cent of the 4.3m population, Serbs, 33 per cent, and Croats 17 per cent.

Mitsotakis changes his cabinet but fails to make it smaller

By Kerin Hope in Athens

THE Greek prime minister, Mr Constantine Mitsotakis, has replaced six ministers in a government reshuffle aimed at speeding up structural reforms launched earlier this year.

However, he was forced to compromise over his wish to improve efficiency by abolishing several cabinet posts, following angry reactions from his conservative New Democracy party.

He announced a merger of the Industry and Trade ministries under Mr Andreas Andrianopoulos, a former mayor of Piraeus, but gave up a scheme to downgrade the ministries of Public Order, Tourism and Aegean Island Affairs.

Instead, he announced that only the 19 full ministers would attend cabinet meetings in future, ending a tradition by which some 25 undersecretaries were allowed to participate in the fortnightly sessions.

He said that undersecretaries would now be fully subordinate to their ministers, acknowledging that personality clashes had resulted in "delays and malfunctioning in government."

Friction between cabinet members unwilling to take responsibility for unpopular decisions is partly tp blame for the slow pace of economic reform so far this year.

Mr Mitsotakis also dropped his daughter, Mrs Dora Bakoyiannis, 37, who served as a junior minister co-ordinating government activities.

"She did well, but in the present unhealthy political climate she would suffer unfair attacks that would undermine the government," he said.

Mrs Bakoyiannis became a focus for criticism by disgruntled New Democracy officials who resented the influence of members of Mr Mitsotakis's family on day-to-day running of the government.

The ministers of economy, finance and foreign affairs kept their posts, but were joined by new undersecretaries.

Mrs Virginia Tsouderou, a former centrist, became foreign undersecretary with responsibility for Balkan affairs and Greek communities abroad.

But one family tie was respected: Mr Achilles Caramanlis, the brother of President Constantine Caramanlis, took over as environment and public works minster, in charge of efforts to reduce atmospheric pollution in Athens.

Communist bosses put in firing line

By David Goodhart and Leslie Colitt

MRS Birgit Breuel, president of the east German Treuhand agency, wrote yesterday to the supervisory boards of the former state companies still owned by the agency, asking them to get rid of former communist managers who were rejected by employees.

The Treuhand has received more than 4,000 petitions from employees of Treuhand-held companies urging it to dismiss ex-communists in powerful positions, especially personnel managers, she said.

The Treuhand itself has, since last October, already sacked 1,400 managers from its companies, 400 of whom were senior communists or members of the hated Stasi secret police.

Mrs Breuel also announced that the Treuhand would be reducing the workforce in its companies by a further 400,000-500,000 before the end of the year.

At the beginning of next year, Treuhand companies will employ about 1.2m people, down from nearly 4m one year ago. As a result of the privatisation of nearly 3,000 companies, 600,000 jobs have been transferred to the private sector.

She reported that a higher proportion than expected of east German companies were worth restructuring. "Of the 5,000 companies we have so far reviewed, the overwhelming majority can be restructured," she said. Rejecting criticism that the Treuhand places too much emphasis on privatisation and not enough on restructuring saveable companies, Mrs Breuel said the Treuhand has spent in the first half of this year about DM15bn ($8.7bn) on maintaining and investing in its companies.

A total of 632 companies have been closed, with 525 being liquidated, she added. The privatisation tempo was picking up and not, as sometimes supposed, slowing down. The total reached 3,000 at the end of July. The Treuhand will, on current reckoning, stay within its credit limit of DM25bn allowed to the end of this year.

Italian pensions paradise comes down to earth

Longer lives and fewer babies are forcing the state to curb its generosity, writes Haig Simonian

OUR HOLIDAY companion was still young, her recently wed husband appreciably less so. Both doted on a frisky dalmatian, and the marriage probably had more to do with money than romance, friends whispered.

Although in her late-thirties, the woman was already a pensioner. The long-serving secretary of a provincial mayor, and a civil servant since leaving school as a teenager, her marriage had qualified her for early retirement after just 15 years service under Italy's generous social security system. She might work again, possibly not; but a lifetime's pension cheque was ensured.

That is one of many examples of a system where, even when the rules are not abused, public sector workers in particular enjoy benefits which are the envy of most of their counterparts in Europe.

Stretched by a steadily declining birth rate and growing life expectancy, even Italy's generosity has reached its limits. According to new figures, the country now has the lowest birth rate in the European Community, with an average of 1.29 births per mother, while life expectancy has risen to 72.6 years for men and 79.1 years for women.

Such demographic factors underscore the government's decision this week to approve in principle a pension reform package painstakingly assembled by Mr Franco Marini, the labour minister.

Due to be revised following last-minute objections from the Socialist party, the proposals will raise the pensionable age, increase contributions and lengthen the period of employment used to calculate pension rights. At current prices, the changes should save around L18,000bn ($14,051m) by 2010, according to Mr Marini.

Critics say they do not go far enough. Last week, Italy's state accounting body warned that public sector finances would deteriorate until the year 2000 because of a linked decision to couple pension payouts to changes in general salary levels.

Mr Marini's desire to achieve consensus between political parties, unions and employers has diluted more radical ideas. And his wish not to penalise, once they have retired, those already paying pension contributions, means the changes will be imposed so gradually as barely to dent a system which is already in crisis today, critics say.

Under the Marini plan, the current pensionable age of 60 for men and 55 for women will be raised to 65 via a series of one-year increments every three years, starting in 1993. That means the final step will only take effect in 2005 for men and in 2015 for women.

Critics blame the diluted impact of the proposals as much on Mr Marini himself as on the groups he has had to appease. A former secretary general of the CISL, Italy's second biggest union federation, he was brought into Mr Giulio Andreotti's government in April. Barely a month after, pensions reform was put on his desk.

Mr Marini's trade union roots and his membership of the majority Christian Democrat party, which dominates CISL, may have made him attractive to Mr Andreotti. But, in some politicians'view, his background left him handicapped when it came to pushing through painful reforms.

In May, Mr Guido Carli, the veteran treasury minister, reportedly threatened to resign unless the government agreed to clamp down on pension payments.

Admittedly, Mr Marini's moderate tone during the negotiations has reinforced the impression that procrastination and inoffensiveness may have been bigger priorities than effective reform. However, in an issue lined with political booby traps, he must be credited with having achieved at least the minimum consensus needed to push through the most obvious changes.

Moreover, he has been aware from the start that once unions and employers came round, any proposals would have to pass an equally treacherous obstacle course in parliament, where controversial legislation can be mangled out of recognition.

Moreover, even the reforms now broadly approved by the government have raised protests. Although both the CGIL, the biggest union federation, and the CISL have given their backing, the Socialist-leaning UIL is still unhappy. Its secretary general, Mr Giorgio Benvenuto, has called for a system that would be fair to savers and contributors. Above all, he would like the increase in pensionable age to be voluntary.

UIL hostility may be one reason why the Socialists prevented the government approving the proposals last week. Mr Bettino Craxi, the party leader, elevated pensions reform into one of the key issues for discussion at Monday night's coalition summit.

Under the compromise hammered out, the government has now given the reform outline approval. But, in a sop to the Socialists, party leaders agreed to reconsider the proposals in detail in September after the holiday break.

Substantial changes seem unlikely given the amount of effort that has been expended so far. Mr Craxi's opposition may also have been partly designed to win concessions from Mr Andreotti on other issues, like the timing of a general election. However, the prospects of further dilution cannot be completely ruled out.

Optimists claim that one month's wait is a small price to pay if it will help the pensions bill pass more easily through parliament. Furthermore, the Marini plan in its present form is at least a step towards controlling Italy's spiralling state spending after two failed attempts in the past decade.

However, further delay and changes, reducing the chances of gaining parliamentary approval during the current legislature, may be fatal.

Recycling plan hits trouble

By David Goodhart in Bonn

AN ambitious German plan to radically reduce household rubbish by forcing retailers and consumer goods producers to take back all packaging material, is running into trouble with the Cartel Office in Berlin and with the EC competition authorities.

Brussels believes the plan may breach the free movement of goods and competition clauses in the Treaty of Rome.

Foreign companies are complaining that the regulations will discriminate against imports.

Even more worrying to the authorities is a company – Duales System Deutschland (DSD) – which has been set up by more than 500 packaging companies, consumer goods producers and retailers to run the recycling system.

The government has left it to private industry to organise a collection and recycling system to run parallel to the existing rubbish collection system.

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WORLD TRADE NEWS

Israel moves towards trade liberalisation

By Victor Mallet in Jerusalem

ISRAEL is finalising plans to scrap most of its non-tariff trade barriers on September 1 and replace them with higher import tariffs of between 20 and 75 per cent, decreasing annually in the coming years.

The trade liberalisation measures, enshrined in 50 pages of new customs duties for imports, are coming into effect after two years of wrangling between the free market-minded Finance Ministry and the more protectionist Ministry of Industry and Trade.

The Industry Ministry managed to secure higher initial tariffs than the Finance Ministry wanted and to win agreement on a special 100m shekel (£25.2m) fund to help Israeli companies compete under the new rules. The fund will lend money for new equipment and the retraining of workers, and the high tariffs will keep some imports out of Israel altogether in the first year or two.

Neither the European Community nor the US will be directly affected by the new measures because they have free trade agreements with Israel although eventually the increased access to Israel for cheaper goods from Asia may reduce the EC's surplus on Israeli trade.

Canada and countries in the European Free Trade Area, however, stand to suffer in the short term.

They have little to gain from the changes because their exports to Israel are not severely restricted by quotas or other non-tariff barriers at the moment, but they will face higher tariffs from September.

Most of the new tariffs will be between 20 and 40 per cent in the first year, but imports of finished clothing will be subject to duties of 75 per cent or more.

After five years (seven years for sensitive items such as textiles) rates will fall to between zero and 12 per cent.

"For the first time in 43 years, Israeli industry will be open to the free market," said Mr Zvi Koren, director general of the Industry Ministry.

Agricultural imports, however, have yet to be liberalised.

Mr Yoram Gabai, head of the state revenue administration, said the liberalisation should help Israel's balance of payments, reduce the price of imports and increase the efficiency of industry.

Money which went into the high profits for importers who had special licences to bring in restricted products such as sports shoes will now go to the state – in the early years at least – in the form of tariffs.

● Israel's trade deficit rose to \$3.16bn (£1.84bn) in the first seven months of 1991, 86 per cent up on the same period in 1990, the Bureau of Statistics said. Imports were up 13.8 per cent and exports down 4.6 per cent.

US machine tool companies warn on foreign competition

By Nancy Dunne in Washington

FOREIGN machine tool makers are likely to reassert their domination of the US market, if the Bush Administration fails to renew the five-year "voluntary restraint agreements" (VRAs) limiting imports from Japan and Taiwan.

This is the conclusion of both the domestic industry, which is seeking a three-year renewal of the VRA's – due to expire on December 31 – as well as a new in-depth research paper issued by the Council on *Competitiveness*.

The Council, a private organisation based in Washington, says the US industry could use the domestic market as a basis for regaining leadership in critical technologies but it continues to be plagued by anti-competitive government policies and structural problems.

Machine tool makers were granted protection by the Reagan Administration on grounds that their survival was vital for US national security. With the end of the Cold War, that argument has lost some of its potency.

Furthermore, according to the Council paper, domestic machine tool users must have the latest equipment or they, too, will fall badly behind their *foreign competitors*.

The Association for Manufacturing Technology, which represents the machine tool makers, argues that the five years of restraints have allowed for new investment, increased competitiveness and record exports last year.

The Council paper, however, suggests that industry still suffers from the weaknesses hurting other US sectors: US export control policy, tax laws and the product liability system.

The US industry has had help from the federal government from contracts and "Buy America" procurement requirements but this pales in comparison with assistance given their European and Japanese competitors – US Council on Competitiveness report.

The industry is composed of about 600 small companies (sales average about \$7m and median employment is about 60 per firm), which have difficulty keeping up with the technical needs of the large manufacturing companies they serve.

The market fluctuations *they encounter discourage* investment in R&D and the rapid diffusion of new technology, the report says.

"During the past two decades, investment in R&D has averaged less than 2% of sales."

Machine tool development is growing ever more expensive and complex. The scope and expense of the efforts precludes "all but the top few machine tool builders from undertaking the necessary effort," the report says.

"For the typical machine tool builder with annual sales *of about \$7m, mounting even a* small research and development effort is prohibitive."

The US industry has had assistance from the federal government in the form of contracts and "Buy America" procurement requirements for the Pentagon.

There are also some small programmes to boost R&D but these pale in comparison to the assistance provided their European and Japanese competitors, says to the report.

For example, Tokyo, after providing between \$500m and \$1bn in direct domestic industry supports, has now taken a the role in the development of intelligent manufacturing systems.

It is committed to underwrit*ing \$400m of the \$1bn 10 year* R&D effort.

Ford to make pick-up trucks for Mazda for sale in North America

By Steven Butler in Tokyo and Kevin Done in London

FORD, the US car maker, is to manufacture a *second* vehicle to be sold in north America by Mazda, its Japanese affiliate.

The deal is a reversal of the normal relationship between Japanese and US and European car makers, in which the Japanese companies have taken the lead in the design, development and often manufacturing of vehicles sold under the badges of the two companies.

Under the latest deal Ford is to manufacture a compact pick-up truck for Mazda beginning in 1993. It already supplies Mazda with a four wheel drive leisure utility vehicle sold by the Japanese car maker in the US as the Mazda Navajo, and by the US car maker as the Ford Explorer.

Ford will develop and engineer the new pick-up, which will be manufactured at its Edison, New Jersey plant, while Mazda will provide styling and technical assistance for the Mazda version.

Ford, which holds a 25 per cent equity stake in Mazda, is the only US automotive group designing, developing and manufacturing a vehicle for a Japanese company.

The deal has implications for US-Japan trade relations, which have been strained over the imbalance in automobile and automobile parts trade.

Mazda says one result will be to decrease exports from Japan by \$400 to \$500m annually, and easing trade friction was plainly one motivation for the agreement.

Toyota plans A\$420m car plant in Australia

By Kevin Done, Motor Industry Correspondent

TOYOTA, the leading Japanese car maker, is to invest around A\$420m (£193m) to build a new car production plant in Australia, the first new car production facility to be built in the country for 25 years.

Construction will begin in early 1992, and production is scheduled to start in 1994.

The plant, to be located near Melbourne, will include body welding, paint shops and final assembly, and have a capacity *to produce 100,000 cars a year.*

Australia is seeking to encourage an internationally competitive automotive industry following many years of protecting the domestic industry with high import tariffs.

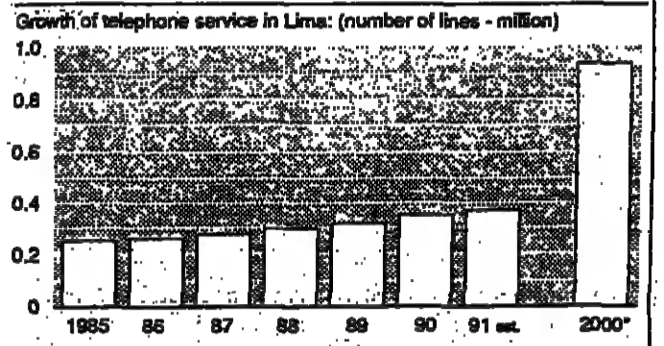
The new facility will be combined with an existing Toyota Australia engine and stamping plant at Altona, Melbourne, to provide a fully integrated production plant. Toyota now assembles Corolla and Camry models at separate plants in the Melbourne region, but *these will consolidated at the* new plant from 1994.

Peru telecoms makes market connection

Sally Bowen looks at a sector formerly dominated by the state

Peru: telecommunications

Growth of telephone service in Lima: (number of lines - million)



Source: Compania Peruana de Telefonos, CPT *Projection CPT five-year plan

A FLURRY of activity is enlivening Peru's hitherto state-dominated telecommunications sector. Contracts are being signed for equipment to modernise out-dated and inadequate services, and the restrictive Telecommunications Law is due to be changed to allow joint ventures with foreign partners.

Peru has the lowest level of telephone provision in Latin America – at around 2.4 per hundred inhabitants, behind even Bolivia. Lima's 8m currently share a meagre 370,000 lines. Demand, despite the country's economic plight, far outstrips the ability of Compania Peruana de Telefonos (CPT), in which the state has a 20 per cent stake, to meet customers' requirements.

CPT's five-year plan is to instal another 400,000 conventional lines, in a \$550m joint venture with foreign capital. Possible partners, who are "ready to lend in return for shares," according to Mr Carlos Carrillo Smith, CPT's president, include Alcatel of France, Telefonica de Spain, Ericsson's Brazilian subsidiary, France Telecom and AT&T.

In Peru's newly liberalised economy, the fever of competition has taken hold. CPT is to compete with (currently) 100 per cent *state-owned* Entel for a share of the lucrative long-distance telephone service out of Lima, instead of paying Entel to link in to the international service. This will involve purchase of a digital earth station costing between \$10m and \$15m.

Entel, meanwhile, is investing \$69m this year. Set to challenge CPT for the profitable business market, Entel is currently laying fibre optic cable from central Lima to the business and *residential suburbs*, taking advantage of the existing ducts left by All America Cables when they were expropriated under the military regime 20 years ago.

Fibre optics will allow antiquated *telex equipment to be* replaced by full modern, high-speed data transmission services, video, electronic mail and so on. Clients will include banks, travel agencies, airlines and cable TV companies.

The next stage of Entel's modernisation operation is replacement of the 20-year-old Japanese microwave network along Peru's 2,000 km coast – from Piura in the north to Arequipa in the south – with fibre optic cable. Twenty digitalised switchboards are to be supplied by Ericsson and Siemens. Entel estimates the job, costing \$40m, will be complete in 30 months, and will cover Peruvian requirements for the next 20 years.

Entel has also just signed a \$5.5m contract with Siemens of Germany for a digital exchange outside Lima to increase presently overloaded long-distance telephone capacity by over 30 per cent.

The most spectacular boom, however, is in cellular telephones. With CPT unable to meet demand for traditional lines over the past few years, cell-phones broke into the Peruvian scene just over a year ago when Mr Genaro Delgado Parker, communications pioneer and former head of Panamericana Television (Peru's most popular channel) set up his own company, Telemovil.

Telemovil met its modest first year target of 5,000 sub*scribers and is now set for* major expansion. Mr Delgado Parker has just obtained a \$10m loan, repayable over six years, from Canada's Novatel for 13 cells and two switchers to cover Lima and its surroundings – he is aiming for an almost immediate 30,000 subscriber market, and 90,000 within five years.

Mr Delgado Parker's activity jolted sleepy CPT into life. It has now occupied the second Lima cell-phone band and is entering the market with an aggressive publicity campaign – and a \$20m investment in equipment for an initial 10,000 lines from Canada's Northern Telecom. Half of these are ready, the remainder will be operational in a matter of months. Already *16,000 subscribers* are lined up waiting, according to CPT.

Peru's provinces are open to cell-phone expansion with a handful of entrepreneurs already getting ready for *licences*. Mr Delgado Parker, "convinced there is business to be done in Peru's remotest towns and villages," says he has offered to instal phone links in 500 rural locations within four years – or pay a *\$5m fine* if he fails.

Transnational companies must await modifications to Peru's 30 year-old Telecommunications Law before they can form associations, or buy shares outright in Entel or the CPT. *President Alberto Fujimori*, in his annual July 28 address to the nation, reaffirmed his government's commitment to privatisation in the sector, but the Peruvian state is unlikely to withdraw totally, *however*. *"We want to modernise*, to keep state participation small but strong," says Mr Luis Maravi, vice-minister for telecommunications.

UN may let Iraq sell oil worth up to $1.6bn

By Michael Littlejohns at the United Nations, New York

THE FIVE permanent members of the UN Security Council have reached broad agreement on a resolution to permit Iraq to sell up to $1.6bn (£930m) worth of oil to raise funds for food and medicines, officials said last night.

This will be a one-time, six-month-long exception to sanctions that have been in effect since Iraq invaded Kuwait a year ago and that otherwise will remain in force.

Under the terms of the resolution worked out during prolonged consultations by the US, Britain, France, the Soviet Union and China, the oil-generated funds will go into a UN escrow account, over which President Saddam Hussein will have no control.

Some of the funds will be used by the UN for a first payment into a war reparations fund and up to $70m will be used to meet the initial cost of eliminating Iraq's nuclear, chemical and bacteriological weapons capability. Under the ceasefire terms, Iraq is obliged to bear these expenses – estimated to run eventually to hundreds of millions of dollars.

While the limit agreed by the permanent members is $1.6bn – about half the sum the Iraqis wanted to raise – the precise amount will be set only after Mr Javier Pérez de Cuéllar, the UN secretary general, has estimated the country's essential civilian needs and disclosed his plans for ensuring that supplies do not fall under the control of the Iraqi government.

The ten elected members of the council were studying the resolution yesterday, along with two other resolutions. All three texts are expected to be adopted by the middle of next week. One resolution reinforces UN efforts to identify and dispose of Iraqi arsenals and condemns President Saddam Hussein's failure to co-operate fully with the UN inspection teams.

A third resolution under consideration proposes that 30 per cent of future Iraqi oil revenues must go into a UN fund to compensate the victims of the aggression against Kuwait.

Iraqi duplicity since the ceasefire has been a factor in the council's slow pace in accepting any relaxation of the embargo, even for humanitarian needs. The US and Britain are still unconvinced the civilian population is in the dire straights that Baghdad claims.

After learning of the agreement on the oil-sales resolution, Mr Abdul Amir al-Anbari, the Iraqi delegate, insisted to reporters that his government would refuse to accept it.

Shah's last premier had wanted a constitutional monarchy

Bakhtiar: Iran's noble 'loser'

By Our Foreign Staff

SHAHPOUR BAKHTIAR was known to the west as the Shah's last prime minister – a man who held the office for just 30 days, but in Iran, his political career spanned decades.

He became known as Iran's Kerensky, the man who sought to channel Iran's revolutionary forces away from the fanaticism of Islamic ideology.

The Shah made him his fourth prime minister within the space of a year on January 6, 1979, at a time when the revolution had gained momentum and million-strong crowds were demonstrating against him.

It was perhaps fitting that Mr Bakhtiar should have been the Shah's last choice. As one of the main leaders of the National Front, the party founded by the nationalist prime minister, Dr Mohammad Mossadegh, the Shah had always regarded Mr Bakhtiar as one of his main political opponents.

A man of considerable integrity who often abandoned diplomatic language, Mr Bakhtiar did not know the meaning of the word compromise and it earned him enemies.

He had been imprisoned by the Shah many times since the 1950s and he was still a target for Savak, the Shah's secret police a few years before the revolution, when an open meeting he was addressing was stormed and his arm broken.

Mr Bakhtiar regarded Mossadegh as his hero and his own ideal for Iran was to see the proper implementation of the country's constitution – that of a constitutional monarchy. He therefore opposed the Shah's monopoly on power, the political repression that it entailed and, what he termed in his manifesto, the "plunder of Iran's natural resources."

His opposition to the Shah was all the more noticeable at a time when Savak was headed by one of his relatives – General Teimur Bakhtiar – and his cousin Soraya had become the Shah's wife.

A slight, fit man, he looked younger than his 76 years. He was born in 1916 to one of Iran's oldest families, the Bakhtiaris, who were the rulers (khans) of the famous nomadic tribe in western Iran. They were landowners in an area in which oil was discovered and they played a part in the power struggle against the enthronement of Reza Shah.

Reza Shah's bid to centralise power led to the eradication of a whole generation of Bakhtiari leaders. Shahpour Bakhtiar's own father was one of those murdered in his jails.

Mr Bakhtiar studied in Beirut and at the Paris Sorbonne, where he read law. While studying for his doctorate, the Second World War broke out and he joined the French resistance.

He returned to Iran after the war and joined the movement of Dr Mohammad Mossadegh, who nationalised the Anglo-Persian oil company when he became prime minister in 1951. Mr Bakhtiar was made deputy minister for labour in Mossadegh's short-lived cabinet.

The Shah, who had been forced to flee in the face of Mossadegh's popularity, returned in 1953 when a CIA and British-backed coup against Dr Mossadegh proved successful.

From here began the long path of resistance in conjunction with other members of the National Front, notably, Mr Mehdi Bazargan, who succeeded Mr Bakhtiar to become the first prime minister of the Islamic Republic. Mr Bakhtiar would write letters to the Shah courteously detailing his abuses of the constitution.

When the Shah finally turned to him on the eve of the revolution, Mr Bakhtiar stipulated a number of conditions. Political prisoners should be released, Savak should be dissolved and the Shah should leave the country.

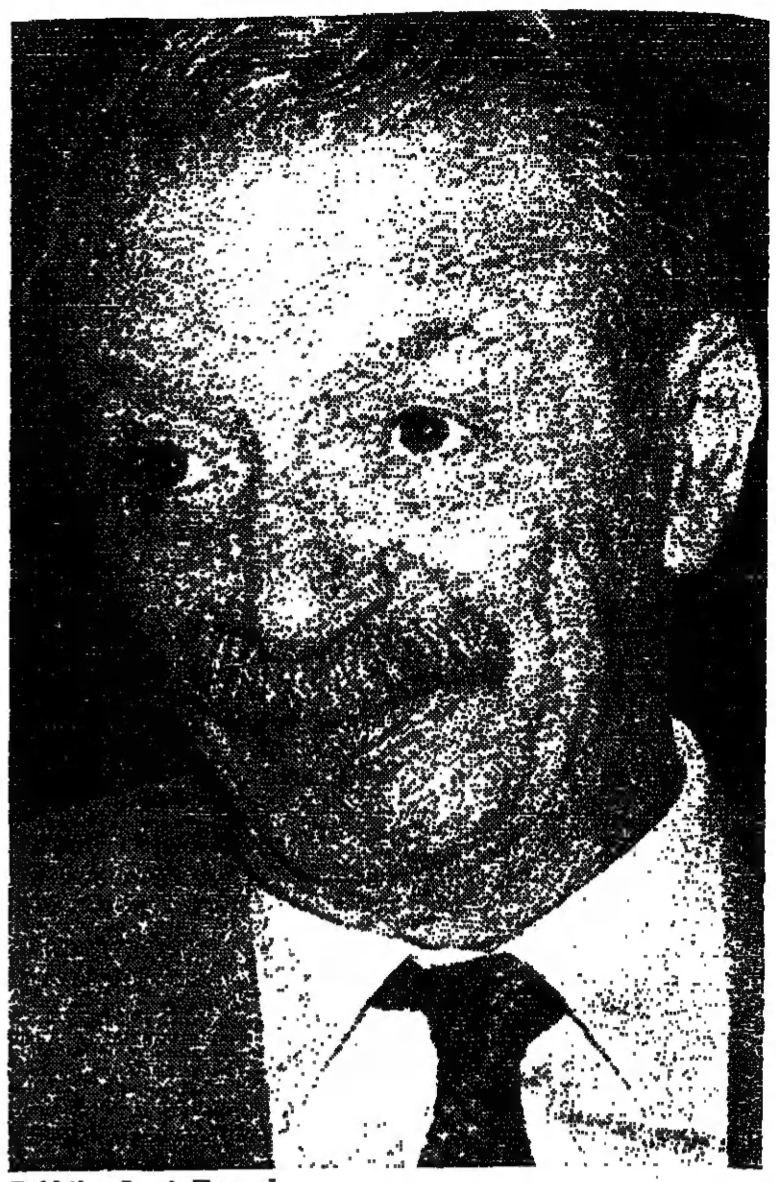
He was criticised for refusing to negotiate with Ayatollah Khomeini, but felt vindicated when liberals, communists and members of his own National Front supported Khomeini only to see the revolution swept away under their eyes and monopolised by the Islamic extremists.

Mr Bakhtiar escaped to Paris where he remained leader of the resistance movement against Ayatollah Khomeini. It was typical of the man that at a time when the monarchy seemed irrelevant, he should still have insisted on the correct implementation of Iran's lawful constitution.

In the event, the old tensions between Mr Bakhtiar and the supporters of the Shah's son, Reza, proved too great, resulting in a breakaway movement by the pro-Shah groups a few years ago to form their own political base.

Mr Bakhtiar's assassination at a time when the Iranian government has apparently decided to lean towards "moderation" is all the more ironic. Latterly, his was one of the groups that posed the least threat to the present government in Tehran.

Mr Bakhtiar was asked soon after becoming prime minister why he had decided to accept and replied, "There are moments when one must take a decision and make sacrifices. I took a decision in the interests of my country. If the country wins, that is what I want. If it loses, I am the first loser."


Bakhtiar: Iran's Kerensky

Turkey back-pedals over military zone in Iraq

By John Murray Brown in Ankara

TURKEY yesterday sought to dispel growing confusion over the objectives of its air and ground attack on guerrillas of the Kurdish Workers Party PKK, in northern Iraq this week.

Following reported remarks by Mr Mesut Yilmaz, the prime minister, that Turkey intended to set up a three-mile buffer zone, the foreign ministry yesterday insisted Turkey had a limited objective that in no way challenged Iraq's sovereignty in the area.

"We attach great importance to Iraq's territorial integrity. The operation is for the security of our own borders," said Mr Ferhat Ataman, the ministry spokesman. Mr Ataman also denied reports that Turkey would seek UN backing for the plan.

Mrs Imren Aykut, the cabinet spokesman, confirmed that 24 PKK bases had been attacked in a three-day sweep of rebel positions up to 10km inside northern Iraq, which officials said was continuing.

"We are fed up. We have no patience left. Everything will be done to eradicate this separatist terrorism. Our people are being murdered, tourists are being kidnapped. We will fight these rebels until the day they are totally destroyed," she said.

According to the Turkish General Staff one Turkish soldier had been killed in the operation, and an aircraft had been hit. No details of rebel casualties were available.

There has been no official reaction from Turkey's allies, although officials indicate that the US had been informed in advance.

An allied force to deter future Iraqi aggression against Iraqi Kurds is assembling in south east Turkey as part of Operation Poised Hammer.

Since the end of the Gulf war, Kurdish separatists, calling for independence of south eastern Turkey, have exploited a power vacuum in north Iraq.

Hong Kong to crack down on triads

By Angus Foster in Hong Kong

HONG KONG plans to introduce tough new measures to fight triads and organised crime, and will raise the maximum penalties for repeated offenders to a HK$10m (£755,857) fine and life imprisonment.

The Organised Crime Bill 1991, open to public consultation for three months, seeks to widen police powers to investigate and prosecute serious crimes such as blackmail, forgery, robbery and drug trafficking. It also contains provisions to stop banks and other financial institutions becoming involved in money laundering for organised crime groups, with maximum penalties up to 14 years' jail and a HK$5m fine.

The bill comes at a time of mounting concern about serious crime in Hong Kong and evidence of Hong Kong triads and other groups linking with Chinese and Asian gangs to commit crimes in Hong Kong. Armed robberies have risen sharply this year and yesterday one man was shot dead and another wounded in a hold-up of a security van.

The bill is likely to stir controversy because it contains one provision effectively transferring the burden of proof to the defendant in certain circumstances. Under the bill, convicted members of organised crime groups will have to prove they are no longer members if prosecuted again. The government has received legal opinion that the proposed bill does not contravene the colony's Bill of Rights, passed into law in June.

The provision is designed to overcome difficulties proving a pattern of organised crime exists when, under existing laws, each criminal act has to be prosecuted separately.

The bill is partly based on the US Racketeering, Influence and Corrupt Organisations Act and UK drug-related asset confiscation laws. Mr Alistair Asprey, secretary for security, said broad-based legislation was essential to tackle organised crime.

PAKISTANIS MAY SPURN US AID TO COMBAT DRUGS

PAKISTAN'S deteriorating relations with the US which has led it to blame the closure of the Pakistani-founded Bank of Credit and Commerce International (BCCI) on an "American-Zionist conspiracy" look set to worsen with the government considering refusing US aid for an elite anti-narcotics force, Christina Lamb writes from Islamabad.

Although US economic assistance to Pakistan was cut off last autumn because of suspicions over the country's controversial nuclear programme, aid to combat Pakistan's mounting heroin trafficking has continued. This year Pakistan is receiving $4.5m (£2.6m) for various projects apart from aid agreed in 1988 for the elite force.

However US officials believe Pakistan is not making sufficient effort in developing the force, and it only just passed a Congressional certification early this year.

The force has finally been constituted but has no legal authority to operate. The US is consequently withholding all equipment and has spent only a third of the $1.5m agreed for 1988-90.

Mr Shujat Hussain, Pakistan's interior minister, protested "the Americans think they are the policemen of the world but we will not take aid with conditions. We have our own forces already to deal with the drugs problem."

Algerian bank chiefs play down $5bn loan

By Lara Marlowe in Algiers

ALGERIAN BANKERS yesterday sought to temper the euphoria which accompanied an announcement earlier this week of a $5bn (£2.9bn) loan by Prudential Securities, a subsidiary of the US insurance giant, to the Algerian Banque de Developpement Local (BDL).

Dr Abderahmane Hadj-Nacer, the governor of Algeria's central bank, stressed that the agreement was preliminary. Details concerning the interest rate on the eight-year loan and the construction of a $3.5bn petrochemical complex to be financed by the loan remain to be defined. The complex will belong to the private Compagnie Generale de Petrochimie, and will produce methanol and MTBE, an additive used in low-lead fuel.

If concluded as expected this autumn, the deal will mark the first substantial investment in Algeria by a private western company.

According to Mr Hadj-Nacer, the Prudential deal is important because the confidence expressed in the Algerian economy may encourage other potential investors.

Commenting on Algeria's ability to raise new loans, Mr Hadj-Nacer said: "We are only interested in loans of eight years or longer." Algeria recently received the first $1.2bn tranche of a 10-year $7.2bn loan from the Italian government.

"Algeria is committed to reimbursing all of its debt on schedule. I ask only that investors consider us a normal country in terms of the international market. We have proved our reliability, but the attitude doesn't change. The Bank for International Settlements treats those who pay their debts in the same way as those who don't."

Most of Algeria's $25bn foreign debt is composed of high interest, short-term loans which cannot be rescheduled.

North and South Korea to join United Nations

THE Security Council approved without a vote yesterday a resolution recommending UN membership for North and South Korea, Reuter reports from New York.

Both will be admitted by the General Assembly at the start of its annual session in New York on September 17.

A statement read out by Mr Jose Ayala Lasso of Ecuador, the council president, said the "aspirations of the peoples and governments of those two countries have harmoniously coincided."

Alluding to the war between the South and communist North, from 1950 to 1953, he said: "We have recently seen how countries that were once enemies have found the necessary strength to put aside their differences in favour of their shared interest in promoting the well-being of their peoples and of the world in general."

He said the admission of the two Koreas would reduce tensions in the region. It would also provide the two states with "an appropriate forum in which to consider the many things they have in common and to overcome the few remaining obstacles to their unification."

● A Soviet seaman sought political asylum in South Korea yesterday, officials said. The domestic Yonhap news agency said South Korean authorities were looking into the request.


One of two members of a right-wing organisation being taken away by police yesterday after they burst into the headquarters of Nomura Securities, Japan's biggest brokerage, fired a shot and briefly held a manager hostage. Police rescued the hostage unharmed when they burst into a room where the gunmen had held him for 90 minutes. Witnesses said the gunmen had demanded to see Mr Hideo Sakamaki, the Nomura president, to express the anger of private investors about the compensation paid to corporate clients.

Tokyo beckons Beijing back to the fold

Kaifu visit will stress the maturing of a special relationship, Robert Thomson reports

WHEN Mr Toshiki Kaifu, Japan's prime minister, is granted an audience this weekend at the Great Hall of the People in Beijing, he will take pride in being the first head of a leading industrialised nation to be received by the Communist Party leadership since the crushing of the pro-democracy movement in June 1989.

The Japanese government has hailed Mr Kaifu's three-day visit, to be followed by a trip to Mongolia, as proof that the "special relationship" between Tokyo and Beijing has further matured, and as evidence of the success of Japan's recent attempts to represent Asia's interests when the western powers sit at the same international table.

Japanese officials this week boasted that they had prevented China's "isolation" from the international community after June 1989, and even suggested that Tokyo's influence had been responsible for the relatively mild Communist Party pronouncements of recent months and for the superficial stability in Chinese politics.

But Japanese government policy, and Mr Kaifu's visit, has best served the communist leadership's interests by allowing the party-controlled media to present the Chinese government as a respected member of the international community, and to perpetuate the distortion that western countries' outrage was based on a "misunderstanding" of the events of June 4, 1989.

Mr Kaifu, like other visitors to Beijing down through the ages, will come bearing gifts. He is likely to announce a new energy loan package, as well as a special grant to flood-damaged areas in central China, and will discuss a proposed Beijing visit by Emperor Akihito.

He is unlikely to embarrass his hosts by using the word "Tibet" or by listing specific cases of human rights abuses, but he is expected to say that the Group of Seven has expressed "concerns" on the subject.

Japan's tolerance of China's abuses should not be interpreted as merely an attempt to seek long-term economic benefits. The policy is the result of a perception in Tokyo that the past two years have been an important phase in a relationship as complex as it is long. One foreign ministry official said this week that banging the table does not make much sense in dealing with the representatives of a culture that is 5,000 years old.

The time-frames are not quite as grand as the Japanese official suggested. Mr Kaifu will be dealing with the self-proclaimed representatives of a communist culture that has prevailed since 1949 and which, at various times, has sought to obliterate the Chinese traditions of which many Japanese are in awe. Ultimately, the focus of Japanese diplomacy in the past two years has not been to mend a relationship dented in June 1989, but as part of an ongoing effort to win back the Chinese trust crushed by the Japanese military in the 1930s and 1940s.

Beijing has not forgiven Japan for the wartime brutality, and the communist elders are less willing than their younger comrades to embrace Japanese officials with warmth. One of the alleged sins committed by Hu Yaobang, the dismissed party leader whose death prompted the rise of Beijing's pro-democracy movement, was his readiness to forgive Tokyo.

Every Chinese schoolchild learns that the "war against Japanese aggression" was a moment of high heroism for the Communist Party and for some of those elderly revolutionaries who still wield enormous influence in Beijing but who will not be among the dignitaries met by Mr Kaifu.

Chinese leaders regard Japan as prime source of needed technology and funds, and as an important market. Bilateral trade has risen sharply this year, with Japan's exports to China in the first five months 36 per cent higher at $2.98bn (£1.74bn) and imports from China rising 26 per cent to $5.47bn.

By the end of the year, the two-way trade total is expected to pass $20bn for the first time, compared to last year's total of $18.18bn, down 7 per cent on 1989 - a record year in spite of the imposition of sanctions.

While regarding the increase as a result of structural changes in the Chinese economy, Tokyo does not presume that the trade volume figure is on a straight line upwards, as China's imports fluctuate wildly depending on the easing or tightening of controls on foreign exchange.

Mr Kaifu can do genuine good in Ulan Bator, the Mongolian capital, where he will applaud the remote country's democratisation and offer about Y1.5bn in grants for the construction of a ground station for satellite communications. Japan is also likely to offer technical assistance for Mongolia's Soviet-built thermal power stations and provide funds to improve the education system.

Former eastern bloc countries had accounted for about 95 per cent of Mongolia's trade volume, and new, private corporations recently established by Mongolian entrepreneurs are looking for new markets for their products, including simple electronic goods and overcoats. Mongolian stereos will struggle in the Japanese market, but there is interest in the country's cashmere and camel hair.

Toshiba, the Japanese electronics combine, is to build its first factory in China, in a move which highlights the growing interest of Japanese companies in investing in China, Stefan Wagstyl reports.

Toshiba yesterday announced plans for Y10bn (£43m) plant for making electric and electronic components near the port of Dalian, Liaoning province, in north east China. The investment will be shared between Toshiba, Showa Electric Wire and Cable (a Toshiba affiliate) and Mitsui, the trading house.

The factory is expected to employ 1,000 people when it reaches peak production by 1994. Most of the output will be exported to Japan. The rest will go to Toshiba factories in Singapore and Thailand – an example of the networks which Japanese manufacturing companies are developing in east Asia. Toshiba has built assembly plants in China before, but always for Chinese partners.

Screaming MPs force adjournment of parliament

Hindu party threat to Rao government

By KK Sharma in New Delhi

RELATIONS between the minority Congress government of Mr PV Narasimha Rao, India's prime minister, and the main opposition party, the Hindu revivalist Bharatiya Janata Party (BJP), were strained yesterday when BJP members forced adjournment of the Lok Sabha (lower house of parliament) without business being transacted.

Screaming BJP members created such uproar that the speaker was forced to halt proceedings four times before adjourning the house until this evening. Noisy protests by opposition MPs often lead to short adjournments, but it is rare for no business to be transacted.

The BJP members have been angered by recent remarks by Mr Madhavrao Scindia, the minister for civil aviation and tourism, in which he called them "traitors". Mr LK Advani, leader of the BJP in parliament, said his party would review its relationship with the government since the remarks came from a leading minister.

The BJP could resist attempts by Mr Rao to build a consensus on a core of issues. It could also make it difficult for normal parliamentary business to be transacted. Parliament is discussing the budget which seeks to cut expenditure and raise taxes in an attempt to reduce the fiscal deficit. Its passage is vital for negotiations with an IMF team now in New Delhi to discuss a large loan to help India tackle its balance of payments crisis.

Yesterday's demonstration by the BJP is bound to embarrass the minority government particularly as it has already given in partially to opposition demands that a subsidy on fertilisers be restored.

Australian unemployment rises to 9.8 per cent

By Kevin Brown in Sydney

AUSTRALIA'S seasonally adjusted rate of unemployment rose to 9.8 per cent in July from 9.3 per cent in June, the government said yesterday.

The increase was in line with treasury forecasts that unemployment will reach 10.75 per cent later this year, and will average 10.5 per cent in the financial year to June 1992.

Mr John Dawkins, the employment minister, said it was hard to tell whether the fall in demand for labour had bottomed out, but the trend suggested it was still deteriorating.

"These figures provide no reason to change the official estimate that unemployment may well considerably exceed 10 per cent by the end of this year," Mr Dawkins said.

Ministers have resisted pressure for an early cut in interest rates to stimulate the economy, arguing that signs of recovery are emerging.

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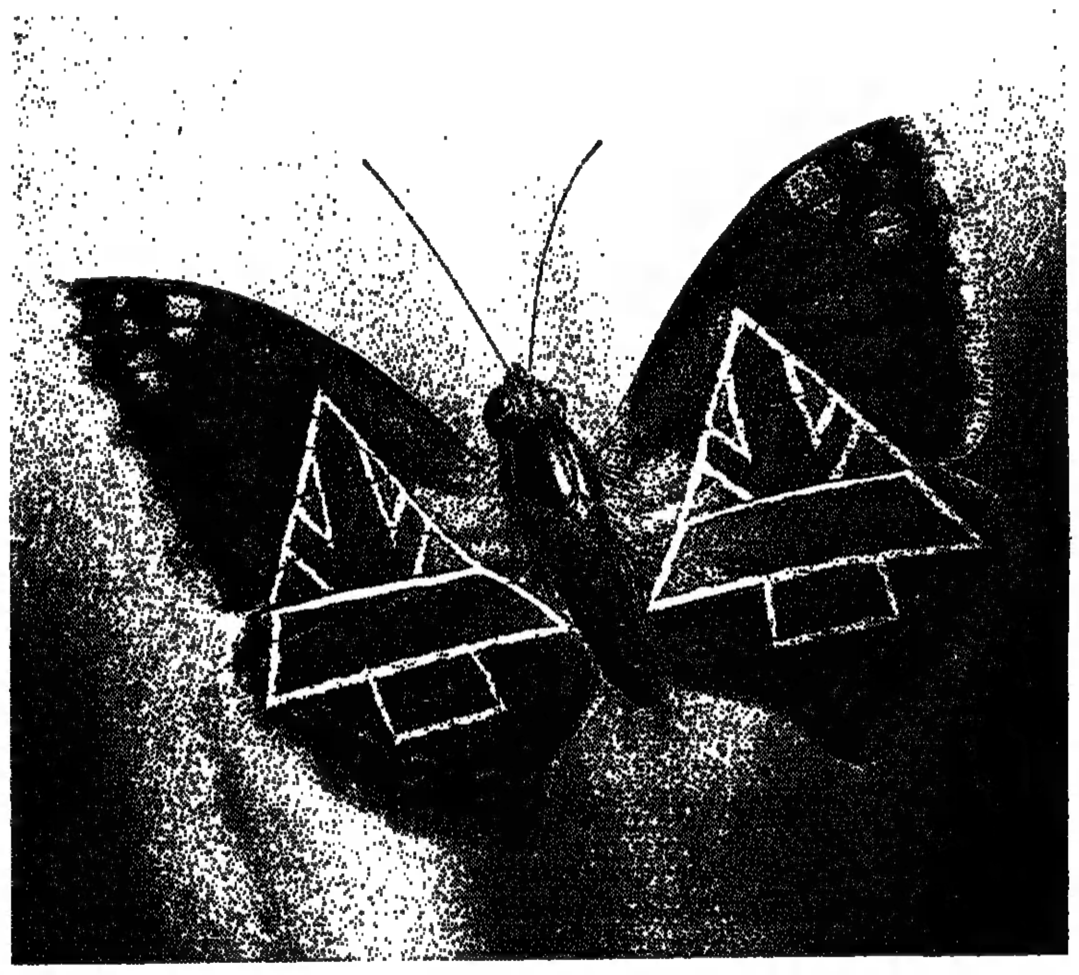

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UK 'no deals' policy may have prolonged the agony

By Robert Mauthner and Jimmy Burns in London and William Dawkins *in Paris*

BRITAIN, almost alone among the western nations, has observed a "no deals" policy on hostages, for which it has paid a heavy price. While the French, German and Irish governments have secured the release of hostages from Lebanon in the past few years, the refusal by London to negotiate with hostage-takers and terrorist organisations may have prolonged the agony for the British captives.

The UK government line has always been that dealing with terrorists only leads to more hostage-taking. However, the majority of the countries which have won the release of their hostages have not seen any more of their nationals captured and incarcerated. On the other hand, Mr Jack Mann, a Briton, was seized in 1989 – two years after the capture of Mr Terry Waite and three years after John McCarthy.

Britain's task has been complicated by the fact that it did not have diplomatic relations for a long time with the main countries with influence over the extremist groups in Lebanon – Iran, Syria and Libya. Mr Douglas Hurd, the foreign secretary, put the problem in a nutshell when he explained to the Commons last year the reasons for not breaking diplomatic ties with Iraq over the hanging of the British journalist Mr Farzad Bazoft. Britain would then have been without a Middle East embassy between the Khyber Pass and the Mediterranean, he said.

However, the moral case for not dealing with terrorist organisations or governments which support terrorism collapsed after that decision. If, before the Gulf war, it was possible to have diplomatic relations with President Saddam Hussein's regime, there seemed to be little reason for not having dealings with anyone else. Indeed, some Foreign Office officials have long felt that the "no deals" policy has been too rigidly applied and that the door should not have been shut so firmly on talks with Syria and Iran for so long.

It was not until September last year that Britain restored diplomatic relations with Iran, broken off in 1989 over the Salman Rushdie affair, and not until last November that relations with Syria, which played such an important role in the release of US hostages, were re-established. However, those with Libya have still not been resumed.

Britain, it must be said, had valid reasons for its hostile attitude towards Libya, which is held responsible for the shooting of policewoman Yvonne Fletcher outside the Libyan mission in London in 1984, as well as Syria, which was implicated in the plot to blow up an Israeli airliner at Heathrow in 1986.

The release of the British hostages invites comparisons with France's much-criticised methods to extract its own citizens from the clutches of the *Hizbollah extremists in Beirut.*

France which welcomed the last of its hostages home from Beirut in April 1990 has always denied striking deals with hostage-takers in Lebanon or anywhere else in the Middle East. At the same time, government officials do not conceal their pride in the French diplomatic service's negotiating skills.

The classic example given by critics of French policy is the background to the release of three French hostages, including the journalist Mr Jean-Paul Kauffmann, in the week before France's presidential election in May 1988.

The suspicion is that their release was linked to the French authorities' earlier decision to free Mr Vahid Gordji, an Iranian accused of involvement in the bloody 1986 Paris bombings, though this is officially denied.

The return of the freed Frenchmen was greeted by a great outburst of public joy, illustrating just how much the fate of the hostages matters in France. At the same time, it also showed the vulnerability of the Paris government to pressure from hostage-takers.

The lengths to which France is prepared to go to secure the release of its citizens was well illustrated by the case of Ms Jacqueline Valente, who was freed with her Belgian boyfriend and a daughter in the spring of 1990. The suspected concession was the return to Tripoli of three Libyan-owned Mirage jet fighters, held in France for servicing since the imposition in 1986 of a European Community embargo on arms sales to countries implicated in supporting terrorism.

Mr Roland Dumas, the French foreign minister, provoked raised eyebrows, if not outrage, among foreign diplomats as well as the opposition parties by thanking Colonel Muammer Gadaffi, the Libyan leader, for his "noble and humanitarian gesture" in obtaining the release of the hostages. And, in another twist, President François Mitterrand last July pardoned a convicted terrorist and member of Hizbollah, the group which had held the French hostages.

Ireland, despite its small diplomatic presence in the Middle East, can also claim considerable success in hostage-dealing. It was the efforts of its diplomats which secured the release last year of Mr Brian Keenan, the Belfast-born teacher with an Irish passport, *who had been held in captivity for* more than four years.

Dublin appears to have had little to offer Tehran in return other than diplomatic "goodwill". The "deal", if it can be described as such, was that Ireland, as the then President of the European Community, would use its good offices to bring about a thaw in the Community's relations with Iran.

Five lost years at the threshold of career

By Jimmy Burns

JOHN McCarthy, a London-based editor for Worldwide Television News, was in Beirut covering for the organisation's local bureau chief when he was kidnapped on April 17 1986. He was 29.

Two days earlier, US jets had *bombed Libya with the full* support of the British government in retaliation for Colonel Muammer Gadaffi's support for international terrorism and in particular Libya's suspected involvement in a bomb attack on a West Berlin nightclub which killed one American soldier and injured 60 US citizens.

Mr McCarthy was ordered by his editor to cut short his first big foreign assignment by a fortnight, for his own security.

On the day he was kidnapped, three hostages – two British and one American – were found murdered in apparent acts of political reprisal.

Mr McCarthy was being escorted to Beirut airport by five colleagues in two cars when four gunmen intercepted him. "They didn't ask anything," Mr Qasm Dergham, one of his colleagues recounted later. "They simply went to the car and pulled John out by his hair, shouting: 'If anybody moves, we kill him.'"

Happy Friends of John McCarthy: Morrell, centre, Karen Talbot and Chris Pearson

The first firm independent evidence that Mr McCarthy was alive came only in June 1988 with the release of Mr Jean-Paul Kaufman, a French journalist held hostage in Beirut for three years.

More detailed information emerged in August last year during a press conference given by Mr Brian Keenan, the Irishman who was released after being held in Beirut for more than four years.

Mr Keenan said that Mr McCarthy's "great sense of humour succeeded very early in driving me slightly insane". He would sometimes imitate some of the guards "with that precision and zaniness that reduced their sometimes brutality to insignificance".

Despite being chained and blindfolded for long periods, Mr McCarthy managed to keep fit by doing regular press-ups in his cell, said Mr Keenan, although separation from Mr Keenan (with whom he formed a strong friendship) may have made him prey to depression.

Mr McCarthy's mother Sheila died of cancer last year, after her request that she be reunited with her son before she died was had been ignored by the kidnappers. She had broadcast an open message on behalf of her son on Lebanese television and radio in November 1988 with the hope that the kidnappers would tune in and show tolerance.

The fact that Mr McCarthy was never forgotten is due largely to the constancy of Ms Jill Morrell, his girlfriend at the time of his kidnapping, and her pressure group of friends and supporters.

In 1989, Ms Morrell began to discourage the image of the "girlfriend who waits", pointing out that when, some day, Mr McCarthy came home, they might feel "like strangers".

Western hostages in Lebanon

● **1985**

March 16: Terry Anderson, American, 43, *Middle* East Bureau Chief of the Associated Press (Islamic Jihad)

June 9: Thomas Sutherland, American, 60, dean of agriculture at the American University of Beirut (AUB) (Islamic Jihad).

Sept 11: Alberto Molinari, Italian, 71, businessman. (No claim)

● **1986**

Sept 12: Joseph James Cicippio, American, 60, deputy comptroller of AUB (Revolutionary Justice Organisation)

Oct 21: Edward Austin Tracy, American, 60, book salesman (Revolutionary Justice Organisation).

● **1987**

Jan 20: *Terry Waite, British,* 52, envoy of the Archbishop of Canterbury, disappears while on a mission to free western hostages (believed *Islamic Jihad)*

Jan 24: Jesse Turner, American, 44, academic at Beirut University College, (Islamic Jihad for the Liberation of Palestine)

Jan 24: Alann Steen, American, 52, academic at Beirut University College (Islamic Jihad for the Liberation of Palestine)

● **1989**

May 12: Jack Mann, British, 77, retired airline pilot and nightclub manager, disappeared in west Beirut. (No claim).

May 16: Heinrich Struebig, German, 50, aid worker for Asme Humanitas Relief Agency (AHRA) (No claim)

May 16: Thomas Kemptner, German, 30, *aid worker For* Asme Humanitas Relief Agency (AHRA) (No claim).

One more move in ugly game with no quick resolution

For Syria and Iran, helping win freedom for even a single hostage is a cost-effective method of improving relations with the west, writes Roger Matthews

Syria and Iran *will be pleased* by the statement issued yesterday by Mr John Major, the British prime minister, expressing his gratitude for their efforts in securing the release of John McCarthy. Both governments are looking *for ways to improve relations* with the industrialised world. Participating in winning freedom for even a single hostage must be one of the most politically cost-effective methods of achieving this goal.

For President Hafez al-Assad of Syria and President Hashemi Rafsanjani of Iran to work together in this way is an obvious extension of the coincidence of interests which developed during the past decade. The initial bond was the mutual loathing of President Saddam Hussein of Iraq. Mr Assad, almost alone among the Arab leaders, supported Tehran throughout its eight-year war with Baghdad.

So anxious was the Syrian leader to see Mr Saddam's ambitions stifled that in the wake of the Israeli invasion of *Lebanon in 1982 he had to* concede increasing Iranian political influence in the south of that country. *However,* since Iran was forced to abandon the war with Iraq in 1988, so it has lost political influence in Lebanon. *Iran's loss has been Syria's gain and once again Mr* Assad is calling most of the political shots in Lebanon.

But Mr Assad does not hold the initiative elsewhere and, again like Mr Rafsanjani, has been forced to accept the uncomfortable reality of increased American military power in the region and the withdrawal of the Soviet Union from confrontational politics. For Syria this has translated into accepting President George Bush's proposals for a Middle East peace conference, including direct negotiations with an Israeli government which insists that it will not relinquish one inch of the territory it occupied in the 1967 war.

Mr Assad will be well aware of the difficulty, if not the impossibility, of winning back the Golan Heights which is the very minimum he could accept without seriously eroding his domestic stance as the principal upholder of Arab and Pal*estinian rights. In order to* offset the potential damage to this image and vulnerability to hardline accusations that he was giving in to the US and Israel, Mr Assad needs to demonstrate some regional success.

One possible avenue for him would be to achieve the release of the several hundred southern Lebanese Shias still held in Israel and in the security zone controlled by the Israeli-backed South Lebanon Army . The government in Jerusalem has indicated that it *would be prepared to trade* some or all of them in return for seven Israeli soldiers missing in Lebanon. John McCarthy's release yesterday appears intended to set the stage for further negotiations.

This also would be in President Rafsanjani's interests as he continues his domestic struggle against elements who accuse him of having betrayed Ayatollah Khomeini's Islamic revolution and try to block the pragmatists who seek better relations with the west.

In the aftermath of the recent tumultuous events in the Middle East it is easy to lose sight of such considerationswhich can help to explain why one policy goal cannot be achieved at the expense of another. Syria and Iran have their own international agenda, but against that has to be set the domestic necessities of retaining power.

The release of just one hostage, leaving 11 still incarcerated, underlines that this particularly ugly game is being played at different levels and for sometimes different stakes. As such it will remain resistant to quick solutions.

AMERICAN NEWS

Brazil braces itself for flood of cruzados

Collor's unfreezing of bank accounts is likely to fuel inflation, Victoria Griffiths writes

WHEN Brazil's President Fernando Collor took office in March last year, he promised to beat inflation with one "karate chop".

A key part of his economic shock programme, announced a few days after his inauguration, was the freezing of most of the money in the country's bank accounts. With little money in the system for consumers to spend, inflation dropped overnight.

The triumph, however, was short-lived. The country was soon in the middle of a deep depression, and a few months after the Collor plan went into effect, inflation began to climb again.

On August 15 the government is due to release the first instalment of the cruzados held in frozen bank accounts for the past 18 months, fuelling economists' fears that the money *supply surge will send inflation* out of control by the year end. The funds, totalling \$26.5bn (£15.4bn) will be returned in 13 monthly instalments, beginning with a \$1.7bn payout.

Over the weekend, Brazilian consumers were already celebrating the forthcoming windfall with a shopping spree. Shopping centres around São Paulo filled up quickly. "This is the best day I've had in months," said Mr Eugenio Borges, manager of a household appliance shop, on Saturday.

The government is offering above-market interest rates on cruzado accounts in the hope that Brazilians will leave the money in the bank, but many observers believe the plan won't work.

Confidence in bank accounts was sapped when the government blocked the cruzados last year. "*Most of the money* belongs to workers and middle-class families," said Governor Luiz Antonio Fleury Filho of São Paulo. "It will go into their household budgets."

Although only the first parcel of new cruzados is being released this month, Brazilians have already worked out a scheme to spend most of their frozen money. Mrs Cristina Luquet, an architect, said she and her husband had just bought a beach house with the frozen funds.

The blocked cruzados are not *the only new money coming* into the system. The government will also begin to release some \$3bn earmarked for agricultural credits this month.

Economists criticise the Collor administration for what they see as its failure to create sufficient monetary instruments to soak up the excess money supply. Two weeks ago, the central bank established a medium-term government bond, the Nota Banco Central (NBC), in the hope of attracting some of the cruzados. The first auction of the NBCs this week, however, drew an unenthusiastic response.

Collor: *straining to see the future of the economy*

The government has been left with few options in its fight to control inflation. In February it introduced a second economic shock plan which included widespread price freezes, and fears are growing that it will announce a further economic shock plan by the end of the year.

July's inflation was 11.3 per cent, its highest level since March, and the government responded this week with more price controls. To make matters worse, pressure is mounting for a return to wage indexation.

Only now is the administration coming to terms with government spending. After running a surplus last year, artificially generated through the confiscation of the bank accounts, economists believe the government will finish this year in the red.

The *economy ministry says* the government will soon propose fiscal reforms to keep the deficit under control. The plan will probably include higher taxes and new limits on the spendthrift state governments. Curbing the state governments will require a change in the constitution, which currently guarantees the states a share in federal tax receipts.

Multinational companies' biggest fear is that the government will continue to use price controls in a bid to stem inflation. "Price controls exact an *enormous toll on industry*," said Mr Silvano Valentino, president of Fiat, Brazil.

According to Mr Fabricio Oliveira, head of the economics department at the University of Campinas, the government is suffering from its failure to make any deep structural changes in the economy over the last 18 months.

"With the lack of any real structural reform, whether in debt negotiations of government spending cuts," he said, "the necessity for a new emergency plan increases."

Investment row linked with journalist's death

By Tim Coone, recently in Guatemala City

WHEN Anson Ng, a British citizen of Malay origin, was found murdered in his Gua*temala City apartment just* over a week ago, official investigators provisionally classified the incident as a common crime. A single pistol shot had been fired into his head from behind.

But in a city notorious for unsolved murders, robbery does not appear to be the prime motive. Although his *desk was disordered, only his* passport and some personal documents were missing. Other valuables were left untouched.

An economics graduate of King's College, Cambridge, the 34-year-old Mr Ng was an occasional contributor to the Financial Times and other *business publications* in the UK and the US.

One of three sons of a wealthy Malaysian family that had done well in the rubber business, Mr Ng established himself in Guatemala in 1984. His lifestyle was far above most of his journalist colleagues. Mr Ng ran an office with three employees and *maintained two apartments in* the capital and another in London. He led his employees to believe that his office rent and income was paid by the Financial Times and another publication, Business International, which was not the case.

His housekeeper had prepared a meal for Mr Ng and *two guests on the evening of* Saturday, July 27. Just before she left, she let two men into his flat. When the housekeeper found Mr Ng 36 hours later, the meal was still burning in the oven.

There have been suggestions, including from US senator John Kerry, who is leading a Senate inquiry into the Bank *of Credit and Commerce International* scandal, that Mr Ng was investigating a Guatemalan link in the affair.

If he was, it was not at the request of the FT, to which he last contributed in July 1989.

Mr Mario Jacobs, a business friend of Mr Ng, doubts that he was investigating BCCI. "He *was very cautious not to enter* into contentious themes and was interested in macro-economic analyses rather than small detail." In fact, he was on the point of abandoning journalism to take up economic consultancy work with Mr Jacobs.

However, Mr Ng's death came just one month after the *murder of a close friend*, Mr Federico Rittscher. Mr Rittscher, a young Guatemalan businessman, was found strangled in the lift of the office block where he and Mr Ng had offices. Mr Rittscher, described by his widow as a good friend of Mr Ng, was a partner in a local savings institution. He believed he was being defrauded by his two Guatemalan partners in this venture, in which Mr Ng was an investor. The two partners are now in prison as the chief suspects in Mr Rittscher's murder.

Mr Enrique Rittscher, Federico's father, told the FT: "Anson called me after Federico's murder and said he was very worried and asked me how he might get his money out of the company … I believe he went there."

Mr Ng had commented to several friends after Federico's death: "I may be next."

Thornburgh to quit as attorney general

By Peter Riddell, US Editor, in Washington

MR DICK THORNBURGH is set to resign as US attorney general in the next few days in order to seek a Senate seat for Pennsylvania in a special election this November.

He is expected to launch his campaign alongside President George Bush at a national *police convention in his home* town of Pittsburgh next Wednesday. Mr Thornburgh, a former two-term governor of Pennsylvania, has not been popular in Washington because of a secretive and high-handed style.

The election for the Pennsylvania seat arose because of the death of Republican Senator John Heinz in a aircraft crash on April 4.

Governor Robert Casey appointed a fellow Democrat, Mr Harris Wofford, as interim senator. Mr Wofford will seek permanent election in November in what is likely to be a closely fought contest.

The election has been complicated by a series of court challenges to the selection of both candidates by party caucuses rather than by full primaries.

An appeals court judgment on Tuesday has cleared the way for an election on November 5, but other litigation is still pending.

Mr William Barr, the deputy attorney general, will fill Mr Thornburgh's post temporarily until a permanent replacement is named and confirmed by the Senate.

He is among the possible nominees, along with Mr Samuel Skinner, transportation secretary, Mrs Carla Hills, the US trade representative, and Mrs Edith Jones, a federal appeals court judge, who was considered for the recent Supreme Court nomination.

● Republican Senator Steve Symms from Idaho does not intend to seek re-election next year. First elected in 1980, when he defeated Senator Frank Church, then chairman of the Senate foreign relations committee, the 53-year-old Mr Symms is the latest in a number of conservative Republicans to step down.

Labour secretary pledges to smash US 'glass ceiling'

By Nancy Dunne in Washington

THE "glass ceiling" – the barrier to the advancement of women and minorities up the American corporate ladder – operates at much lower management levels than previously thought, Mrs Lynn Martin, US labour secretary, said yesterday.

Mrs Martin, unveiling a Labour Department study of nine big US companies which confirmed the existence of such a barrier, said it was of particular concern as women and minority groups compose an ever larger share of the US workforce.

"It effectively cuts the pool of potential corporate leaders by eliminating over half the population," Mrs Martin said.

"It deprives our economy of new leaders, new sources of creativity, the would-be pioneers of the business world. If our endgame is to compete successfully in today's global market, then we have to unleash the full potential of the American workforce."

Mrs Martin sketched out the department's strategy for tackling the glass ceiling problem.

US law forbids job discrimination based on race, sex, religion, national origin or handicap. The Labour Department is required to monitor for discrimination in companies which receive federal contracts.

Mrs Martin said she wanted to move beyond those companies to encourage small and medium size businesses which do not get audited to break through "the glass ceiling."

She maintained the Administration's resistance to requiring quotas in hiring or promotion. Instead, she would use the "bully pulpit" of her office *to encourage every US corporation* to develop its own strategy to allow all employees the opportunity to fulfill their "maximum potential."

Mrs Martin designated the deparment's Woman's Bureau to act as a clearing house and resource centre to help federal contractors develop these strategies.

The Department would also continue to conduct "management reviews." The companies would be chosen at random from a broad geographic area to ensure that contractors "live up to their *obligations* not to discriminate and to recruit actively and provide training and advancement for all segments of society."

Jobs cut at more than half of US companies

By Martin Dickson in New York

MORE than half of US companies have cut jobs over the past year – the highest level in five years – and substantial reductions will continue over the coming 12 months, according to a survey published yesterday.

The American Management Association, a national management organisation, said a poll of its members showed that 55 per cent had cut staff in the year to June, up from 36 per cent in the preceding 12 months. Most of them blamed the move on the downturn in the US economy.

Middle managers were hardest hit. Although they constitute only 5 to 8 per cent of the workforce, they accounted for *16.2 per cent of all discharges.* Unionised workers, comprising 15 per cent of the labour pool, accounted for only 11 per cent of lost jobs.

Some 22 per cent of companies said they planned more cuts. However, the survey pointed out that the final tally was likely to be much higher.

Last year 15 per cent predicted they would reduce jobs, compared to the 55 per cent which ultimately did.

Some 65 per cent of companies in New England, the region hardest hit by recession, cut jobs in the past year.

THE BCCI SHUTDOWN

CAPCOM

SFO raids offices and former director's home

By Peter Martin

THE SERIOUS Fraud Office yesterday raided Capcom Financial Services and the north London home of Mr Syed Ziauddin Ali Akbar, a former director.

Capcom was one of the main brokers for BCCI's treasury operation, which made heavy losses in the mid 1980s. It is named in the Price Waterhouse report BCCI, which led to the Bank of England's decision to close down the bank last month.

SFO officers, armed with a search warrant, told Capcom staff their raid was part of their overall investigation into the collapse of BCCI.

"It was all very gentlemanly," a director said yesterday. "We have volunteered whatever documentation they want. We are very happy about this."

The director added: "It gives us the chance finally to lay to rest the totally untrue rumours which have appeared in the press recently."

Mr Akbar, who ran the dealing room at BCCI's treasury operations, was recently released from an 18-month prison sentence for conspiring with two BCCI officials in Miami, Florida, to launder drug money.

Mr Akbar is appealing against the verdict. The Price Waterhouse report says Mr Akbar left BCCI in about 1986 and was later paid $32m (£18.8m) to prevent him from disclosing what the treasury operation had been.

Mr Akbar's lawyers, Barretts, said yesterday that their client had told them he was not guilty of any crime. "Wildly extravagant stories have appeared in the press about bribes and $32m blackmail which he categorically denies," Barretts said. "He is looking forward to clearing the whole matter up."

Capcom was expelled from the Association of Futures Brokers and Dealers, the industry's self-regulatory organisation, in 1989 because the AFBD was unable to identify all the beneficial owners of its shares. Since then, it has continued in business in the spot foreign exchange market, which is unregulated.

● An earlier FT article about Capcom, published on August 7, referred to a payment of $49.6m received by the company in the late 1980s for which documentation was not available. In fact, the $49.6m figure is the total of a number of such payments.

WORLD ROUND-UP

Panama outlines Noriega's 'theft'

PANAMA: BCCI helped former dictator Manuel Noriega steal at least $23m from the national treasury, the government says.

The bank managed several of Gen Noriega's accounts during the 1980s.

Panamanian officials say it moved huge sums of laundered drug money and state funds from branch to branch and bank to bank in an effort to cover the general's tracks.

Panama has filed suit against BCCI in the US District Court in Miami, seeking to recover the money it says the bank helped Gen Noriega steal.

Documents filed with the court in Miami include copies of bank statements, money transfers and credit card statements.

The Panamanian government's suit seeks damages totalling $69m – the $23m in public funds Noriega allegedly sent abroad through BCCI as well as punitive damages.

UK: Central bank governors and international banking supervisors will be meeting in early September to consider issues arising from the BCCI affair, David Lascelles writes.

Governors from the G10 countries will be holding their first post-holiday meeting in Basle over the second weekend in September. Separately, the committee of officials that coordinates banking supervision between the leading industrial countries will be meeting in Stockholm.

The central bank governors and the officials committee are expected to focus on the gaps shown up by BCCI in the supervisory process, particularly how the bank managed to evade consolidated supervision by splitting business between several jurisdictions.

LUXEMBOURG: BCCI's Luxembourg lawyers yesterday complained about the regulators' "abrupt and unjustified" action in closing down the bank last month, and indicated that BCCI's shareholders might attempt to claim damages for losses incurred as a result, Andrew Hill writes.

The bank was trying to overturn last month's decision by a Luxembourg court to put BCCI (SA) into controlled administration. BCCI (SA) is the Luxembourg-registered operation that controls the bank's European activities.

The case was adjourned until today to allow further technical information to be submitted, but both sides - BCCI and the Grand Duchy's banking supervisor, the Institut Monetaire Luxembourgeois (IML) - say there is no chance of the appeal being upheld.

Meanwhile, Mr Pierre Jaans, Luxembourg's chief banking regulator, said yesterday that the Grand Duchy was not planning an imminent move to liquidate what remains of BCCI.

He said such a strategy would be "premature".

PERU: Former President Mr Alan Garcia denied knowing of bribes paid to Central Bank officials by BCCI, and said allegations against him were a campaign to ruin his political future.

HONG KONG

Citibank customers withdraw deposits

By Angus Foster

HONG KONG continued to be buffeted by the effects of the BCCI affair yesterday as Citibank branches in the colony witnessed a minor run on deposits and Bank of Credit and Commerce (Hong Kong) depositors stepped up their action against the government.

Queues formed at Citibank branches throughout the day as rumours circulated that the bank had liquidity shortages. That was in spite of repeated assurances from bank and government officials that all withdrawals would be met and that the bank remained financially strong.

More than 1,000 of the bank's 400,000 customers withdrew their deposits, but total withdrawals amounted to less than 1 per cent of Citibank's Hong Kong deposit base, which is estimated at more than US$2bn (£1.16bn).

Mr Steven Baker, country corporate officer for Hong Kong, said the bank stayed open late to show it had nothing to fear. "I expect Friday to be active but we are prepared for it," he added.

The rumours appear to have been started by local press reports of one-week-old comments by the US Democrat representative John Dingell alleging Citicorp was "technically insolvent". Citicorp has again attacked the comments as "irresponsible and untrue".

Rumours: Citicorp dismissed allegations that prompted a minor run in Hong Kong

Two other small banks with Middle East connections witnessed a similar run on deposits after the government closed down BCC(HK).

There have been allegations that the rumours are being started by interested parties close to BCCI or BCC(HK). An anonymous letter circulated 10 days ago in the Chinese community advised readers to withdraw money from foreign banks.

Meanwhile, about 10 depositors in BCC(HK) launched a hunger strike demanding an official inquiry into the government's closure of the bank. One striker carried a placard, addressed to the banking commissioner, Mr David Carse, reading: "I hope you are having a nice dinner with our money, we are starving here".

The government has refused to launch an inquiry and says all relevant information has already been released.

Another group of depositors said it would contest plans by the provisional liquidator to put the bank into formal liquidation. The provisional liquidator is still trying to find a buyer for the bank, which has not been implicated in the fraud elsewhere in the group.

UK COMPENSATION PAYMENTS

Claims sought under £50m interim scheme

By Chris Tighe

HOLDERS OF sterling accounts in UK branches of BCCI will today begin receiving letters from the bank's provisional liquidators Touche Ross inviting them to claim payments under the £50m interim compensation scheme offered by the Abu Dhabi government.

The 53,000 letters and claim forms were sent out yesterday to all the depositors whose account details appear on BCCI documents with Touche Ross.

Depositors who return their claim forms promptly should receive compensation payments, up to the interim scheme's £5,000 limit, well before the end of this month.

But the level and speed of response to the offer will provide the first firm evidence of the readiness of depositors in the UK to admit to having money in the bank.

Since BCCI's closure by the Bank of England on July 5, some members of the Asian community, in more than one area of Britain, have suggested that BCCI investments were seen in some quarters as a means of avoiding the declaration of money for income tax. "I have heard that from a lot of people; that is why this bank was liked," said Mr Davinder Ghai, president of the Hindu-Sikh Friendship Society, who lives in Newcastle upon Tyne.

Another has spoken of one deal in which £50,000 not declared to the Inland Revenue was lodged with BCCI, which then provided a loan of £100,000 at a low rate of interest.

And a Bradford businessman, Mr Nirmal Singh, said BCCI employees told him they could keep money for depositors in India without telling anybody.

This claim, and other allegations that BCCI accounts enabled depositors to evade income tax, have been firmly rejected by BCCI UK employees, who insist they operated strictly in accordance with the requirements of the UK regulatory authorities.

Last month in a letter to Mr Ghanem Faris Al-MazrouI, the chairman of the private department of Abu Dhabi's ruler Sheikh Zayed bin Sultan al-Nahyan, pleading for favourable redundancy terms, members of the joint committee representing the employees and customers of BCCI UK said the the majority of staff were "honest, hardworking, loyal and committed employees . . . caught up in this tragic saga as innocent victims through no fault of their own."

But speculation has been fuelled by the fact that many of those depositors who stand to lose much of their money, have proved very reluctant to come forward, even to contact professional advisers in confidence. Meetings of depositors held in Manchester and Bradford also failed to attract the numbers expected.

The 58,000 accounts known to Touche Ross are thought to have been held by at least 30,000 depositors.

But yesterday Mr Richard Homewood of London-based solicitors Pickering Kenyon, one of a number of firms that set up multi-lingual helplines for BCCI investors, said fewer than expected had come forward, despite extensive publicity. "Probably no more than 1,000 are in contact with solicitors," he said. "Where are these people?"

He said he believed there was a residue who would not come forward because of worries about tax, but he described this as "shortsighted", and added that the bank's closure meant confidentiality had gone.

Touche Ross was unable to say what contact there might have been, or could be, from the UK tax authorities.

The Inland Revenue said it could not discuss BCCI as it was bound by the laws of confidentiality, but added: "We always keep our eyes and ears open. If we investigate someone we do call for the documents and we have various powers to do so."

UK NEWS

Lilley defends policy on export licenses for Iraq

By Ralph Atkins and Paul Abrahams

Alan Harper

Lilley: 'There was no export any military significance'

MILITARY goods and chemicals licensed by Britain for export to Iraq before its *invasion of Kuwait did* not breach trade embargoes and could not have been used in chemical warfare, according to Mr Peter Lilley, trade and industry secretary.

Spares for armoured vehicles, mortar locating radars and air defence training simulators were among items licensed between 1987 and August 1990 in a list sent yesterday by his department to the House of Commons' trade and industry select committee.

The detailed Department of Trade and Industry response came as a deliberate attempt *by Mr Lilley to end the political furore over an earlier list* sent to the committee in April which implied that British companies might have helped President Saddam Hussein to build his military strength.

Mr Lilley said it was now clear that no chemical weapon *"precursor" had been licensed* for export to Iraq, or actually exported. Nor was there, "a single export of any significance at all to a military nuclear programme".

He admitted, however, that the earlier evidence sent to the Commons committee had created confusion largely because of the customs procedure of putting many distinct products under one tariff code. More information would be sent to the committee if needed.

Labour MPs expressed concern about the apparent looseness of the restriction during the Iran/Iraq war on exports of "lethal" defence equipment. That did not prevent the export of spares or items for demonstration purposes, they said.

Mr Gordon Brown, Labour's trade and industry spokesman, doubted "the wisdom of allowing exports of plutonium, zirconium, zirconium rod and thorium oxide, however small, to the Iraq Atomic Energy Commission and Nuclear Research Centre" when research for military purposes was possible.

He said: "The lesson is that *we need the strictest controls*, the tightening of export safeguards, to prevent any dubious material being exported during any arms embargo."

Mr Lilley defended the terms of the Iraqi embargo as "*perfectly justifiable*". *It had been* more rigorous than many other countries and "if everyone had been doing the same as us, Iraq would not have been armed up to the eyeballs at it was."

Although artillery fire con*trol systems might be included* under materials defined as non-lethal defence equipment, clearly artillery ammunition did not, he said.

Officials try to defuse trade row

By Ralph Atkins and Paul Abrahams

OFFICIALS at the Department of Trade and Industry (DTI) were at work until 2am yesterday compiling the 120 pages of hurriedly-assembled evidence in response to the alarm over British exports to Iraq.

Mr Peter Lilley, trade and industry secretary, says he was surprised not to have been questioned in April when the DTI sent the House of Commons trade and industry select committee a brief outline of goods licensed for export.

In the event, the lists headed "UK exports of chemicals to Iraq 1980-90" and "products licensed for export to Iraq 1 January 1987 – 5 August 1990" were published without comment two weeks ago. Soon after a political row erupted over the export of military *hardware and chemicals* which, apparently, could have been used in chemical warfare.

"With the benefit of hindsight, if we had known it was going to be published without the chance of elucidation, it wouldn't have been submitted like that," Mr Lilley said yesterday. *But he was adamant* that "the evidence of this vindicates that the controls are being operated vigorously and effectively."

Yet some holes have been left. Officials admited to word processing errors in the draft *copies given to journalists. The* DTI later said the items had never been sent.

'With the benefit of hindsight, if we had known it [list of exports] was going to be published without the chance of elucidation, it wouldn't have been submitted like that.'

The search continues for details of exports of chemical weapon precursors prior to 1985. At the same time, the granting of a licence does not necessarily mean the export of the goods actually took place.

Computerisation of export records is underway and could be extended to include past records.

Government ministers have not escaped all suspicion on broader issues. Questions over whether the terms of the arms embargo in operation during *the Iran/Iraq* war were *strict* enough will continue - as will the suspicion that ministers stretched rules to the limit in order to promote exports.

On the latter point, Mr Lilley was unequivocal. "The Ministry of Defence and the Foreign *Office and, in the case of* nuclear, the department of energy, lay down criteria. Our job is just to enforce them."

Mr Lilley insisted yesterday that no chemical weapons precursors were licensed for export to Iraq, nor was any precursor exported between 1987 and August 1990.

He added that no evidence had come to light about such exports between 1985, when the UK signed the Australia Group agreement which limited exports of precursor chemicals, and 1987.

At the root of the misunderstanding about exports of *potential chemical weapons* was the misleading presentation of the evidence given to the committee. This implied generic groups of chemicals, as used in customs *classifications*, were in fact chemical weapon precursors.

Mr Lilley said Customs deliberately obscured statistical information in cases where too much detail could identify the companies exporting the goods and breach commercial confidentiality.

He also said there had not been any exports of any signifi*cance at all for a military* nuclear programme. The materials originally described as 8.6 tonnes of depleted uranium were useless for a military programme, he added.

According to the documentation the bulk of the consignment was tiny radioactive iso*topes for medical and* industrial use.

The isotopes, of which less than 300 grams were exported, sometimes weighed as little as a millionth of a gram, said Mr Lilley. Their quantity was exaggerated because the minimum weight recorded by HM *Customs* and Excise is "one kilogram or less."

Funding of mathematics 'needs to be increased'

By Emma Tucker

THE SHAKY state of Britain's mathematical sciences has much to do with the discipline's out-dated image and the relatively poor funding it attracts, a *report states*.

The Science and Engineering Research Council (SERC) has called for an acknowledgement that mathematics requires a greater level of funding than it has ever had before if Britain is to "retain membership of the global mathematical club".

Professor Adrian Smith, chairman of the SERC's mathematics committee, says that in the short term the benefits of mathematical research are hidden: mathematics is removed from the profit-making end of research and is unable to easily attract funding.

The report highlights a "dangerously inadequate supply of mathematics PhD's" and the "dangerously small" number of mathematicians in key fields. A shortage of qualified mathematicians in the US means that Britain's already inadequate supply of PhDs is further depleted as research centres from the US head-hunt in the UK.

"We could, at least, fund 50 per cent more people to do PhD's and still not satisfy the market requirement," says Professor Smith.

He also argues that the failure of mathematics departments to attract commercial funding is cultural.

"About 50 per cent of mathematics graduates go into the financial sector," he says. "Yet it is not common for banks, or insurance companies, *to* think of funding or contributing to mathematics departments in universities."

Another argument over funding centres on the distribution of government and Research Council grants for science in higher education.

Professor Smith says the "pencil-and-paper" image of mathematics means that it is still perceived as a "cheap" science. There has been no recognition that the nature of the science has changed, so the allocation of funds does not reflect the increased need for advanced machines particularly dedicated high-performance graphics workstations.

According to the report the only academic subject groups to score lower than mathematics and statistics on the University Funding Council's "guide price" per full-time student were politics, law and social studies.

"The basic underpinning of science has to be properly funded at a national level," says Professor Smith. Even at school level, the report says, there are not enough qualified mathematics teachers which has resulted in a "crisis" in school mathematics.

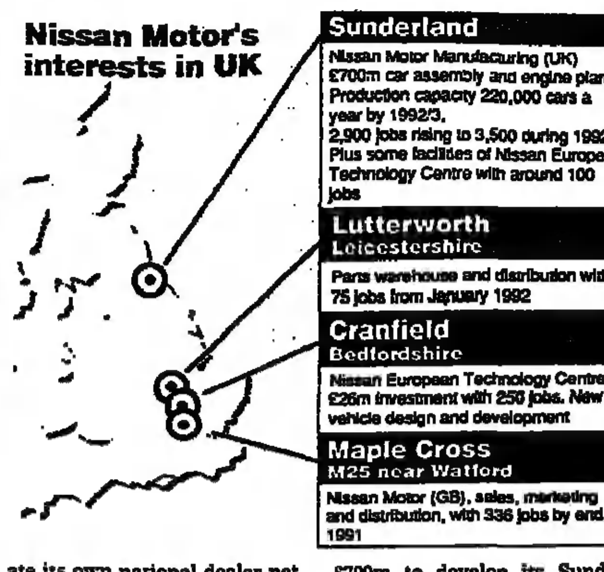
Government figures, says Professor Smith, shelter the true picture by counting anyone who teaches maths as a maths teacher even if they were trained to teach physical education.

There are currently approximately 185 vacancies for maths *teachers* in Britain and, according to the Department of Education and Science, applications for teacher training specialising in maths were up by 59 per cent this year.

MOTOR INDUSTRY

Nissan chooses sales HQ

By Kevin Done, Motor Industry Correspondent



NISSAN Motor, the Japanese car maker, is to establish the headquarters for its UK car sales, marketing and distribution operations at Maple Cross, north-west of London.

Nissan, Japan's second largest car maker, is taking over the distribution of its vehicles in the UK itself following its termination of its contract with Nissan UK (NUK).

NUK, the privately-owned company controlled by Mr Octav Botnar, has bitterly contested the ending of its 21-year role as Nissan's exclusive British importer-distributor but recently failed in the Court of Appeal to stop the move.

Nissan has formed a new subsidiary, Nissan Motor (GB), to run its UK sales and distribution operations.

The subsidiary's headquarters will be at Maple Cross, near Watford, close to the M25, *while* the company is also establishing a parts warehouse operation at Lutterworth, in central England.

Nissan Motor (GB) will have an initial equity capital of £40m and will operate as a subsidiary of Nissan Europe, the group's European holding com*pany in Amsterdam*.

The company said investment in the UK distribution would "increase significantly over the coming three years."

Nissan Motor (GB) will begin trading operations in January, when the termination of the NUK contract comes into effect.

The Japanese car maker is having to move quickly to create its own national dealer network to replace the operation built up by NUK, which has controlled more than 380 dealers and has previously accounted for more than 5 per cent of UK new car sales.

Nissan Motor has built up the most extensive operations in Europe of any of the Japa*nese car makers, with a Euro*pean headquarters in Amsterdam, car manufacturing and design and development operations in the UK and commercial vehicle manufacturing in Spain.

It said yesterday that its direct workforce in the UK *would total 4,200 by the end of* the year.

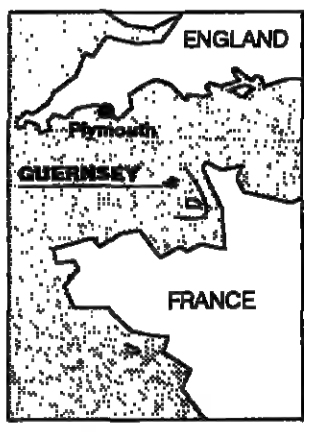
It is investing more than £700m to develop its Sunderland car and engine *plant*, which will have a capacity for around 220,000 cars a year by 1992/93.

It is planning to produce 120,000 Nissan Primeras, its large family car, this year, of which more than 80 per cent will be exported.

*Next year it will add a sec*ond model range with a small car to replace its existing Micra super-mini, which is currently imported from Japan. Also in the UK it is building up its first European design and development operations with a £31m investment mainly at *Cranfield, Bedfordshire but* with some facilities also at Sunderland.

Guernsey to develop insurance business

By Richard Lapper



GUERNSEY, one of Britain's Channel Islands, is expected to become a more attractive domicile for captive insurers following a change in the island's tax regime last week.

Guernsey already hosts 195 captives, the term applied to insurance subsidiaries formed mainly to insure the risks of the parent company.

Smith Kline Beecham, Marks and Spencer and three of the UK's clearing banks – Barclays, National Westminster and Midland – have captive companies located in Guernsey, which is a crown dependency.

Several dozen more companies are now expected to locate there following the decision by the island's parliament to exempt captives from paying basic rate income tax.

Until now captives domiciled in Guernsey had paid basic rate tax, albeit at the rate of 20p in the pound, whereas those based in competing centres such as the Isle of Man and Bermuda were tax-exempt.

The Superintendent of Insurance, Mr Stephen Butterworth, said yesterday that the change will allow the island to be competitive against other centres.

Over the past few years captives have been formed in Guernsey at the rate of about 18 per year.

The majority of captives on the island are from the UK although there are several from Scandinavia.

Tax exempt captives will pay an annual fee of £1,900 to the Guernsey Financial Services Commission. This is less than the fees charged by other captive locations such as Bermuda (£2,300) and the Isle of Man (£2,500).

Although under UK tax law captives exempt from tax in Guernsey would have to pay tax on 50 per cent of their profits at the basic UK rate, Mr Butterworth still believes the majority of Guernsey's captives will apply for exempt status.

Many UK companies are paying an effective rate much less than 35 per cent. In addition many corporations tend to perceive captives as profit centres in their own right and, in the past, *have been dissuaded from* setting up in Guernsey after discovering that they must pay income tax, irrespective of the overall tax implications for their company as a whole.

Isle of Man deposit base rises 53%

By Sue Stuart

THE ISLE of Man's deposit base rose by 53 per cent to £9bn during 1990, the annual report of the island's Financial Supervision Commission (FSC)stated yesterday. The commission attributes the large increase to high interest rates, the flight to cash and the introduction of separate taxation of spouses in the UK.

Nevertheless, the commission says: "Falling interest rates in the UK and the US and the recovery of stock markets, together with a potential reflux of some money into Tessas [Tax-Exempt Special Savings Accounts], is likely to depress deposit growth in the coming year."

Much of the commission's work over the past year has been in regulation, and its supervisory regime for banks now conforms fully with the requirements on capital adequacy of the Basle-based committee of international bank supervisors.

The island has 60 banks licensed under section 3 of the Banking Act, and the minimum for entry remains at £1m paid-up share capital. Well over half the island's licensed banks have now attained the FSC requirement of £5m.

Negotiations are in progress between the FSC and The *Securities and Futures* Authority, the International Stock Exchange, and other groups to secure mutual-assistance agreements to help limit fraud and avoidance of regulations.

Lloyd's may attract greater share of life market

By Richard Lapper

MEASURES that should allow Lloyd's of London to win a greater share of life insurance business were announced yesterday by the Council of Lloyd's, the insurance market's governing body.

Currently nine syndicates – which group together the wealthy individuals or Names, whose capital backs underwriting – write term insurance, covering individuals' lives for any period up to ten years.

Premium capacity for this business, which is one of the fastest growing on the market, amounts to £36m.

Under the new arrangements syndicates will have greater leeway to write both commercial life – typically insurance bought by a company for its personnel – and personal life insurance.

Typical covers written by Lloyd's syndicates include "keyman" cover which protects a company against significant financial loss or closure of business resulting from the death of key personnel, such as top salespeople, project leaders or directors.

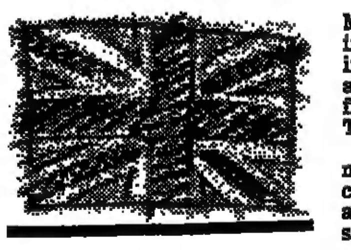
Syndicates will be able to underwrite personal life insurance directly, rather than depending on the services of a Lloyd's broker. This brings the rules governing life insurance at Lloyd's into line with those governing commercial motor, private motor and other personal lines business.

Underwriters will also be able to write commercial life business generated by brokers that are not specifically licensed to do business at Lloyd's, provided that a Lloyd's broker guarantees the transaction.

● Lloyd's announced yesterday that Lioncover, the wholly-owned subsidiary of the Corporation of Lloyd's, showed a deficit of £31.8m in 1990, compared with £14.6m in 1989.

Lioncover was established to close the liabilities of the members of the PCW and WMD syndicates currently under the management of Syndicate Underwriting Management.

BRITAIN IN BRIEF



Incoherent IT strategy cost millions

Lack of a coherent strategy for information technology has cost Britain's Ministry of Defence (MoD) millions of pounds in delays, modifications and improvements to large administrative computer systems, according to the London-based National Audit Office (NAO).

It has tended until recently to develop large, ambitious, inflexible projects in an uncoordinated way without adequate involvement from users and without evaluation of alternatives, whole-life costs and benefits, the NAO claims.

The audit office points out that one system, costed at £18m over *its whole life* and designed to provide the Procurement Executive Land Systems Controllerate with management information, was abandoned in 1990 after six years of development at a loss of £10m.

The MoD had calculated that it would not achieve net financial savings within its expected useful life.

Industry loses 25,000 jobs

More than 25,000 jobs were lost in the textile and clothing industries in the past year according to the latest figures from the Apparel Knitting & Textiles Alliance.

Mr Allan Nightingale, chairman of AKT, described trading conditions in both industries as "extremely difficult". He said job losses were continuing – the workforce now stands at under 440,000 – and short-time working was "widespread" in the industry.

The textile and clothing sectors have been in decline for the past three years. However their problems intensified in the first quarter when the uncertainty caused by the Gulf war aggravated the effects of the recession.

More overseas students in UK

The number of overseas students studying in Britain rose 11 per cent between 1980 and *1989 to* 78,000, according to Department of Education.

Enrolment of European Community students jumped five fold from 3,900 to 19,800 during the period, boosted partly by the expansion of EC exchange programmes.

Foreign student numbers declined in the early 1980s after the government introduced full cost tuition fees for non British nationals, but it has been rising again since 1983. The largest number of students come from Hong Kong, followed by those from Malaysia and the US. Two thirds of overseas students were studying in universities.

The Middleham Jewel

Jewel to stay in UK

A £2.5m appeal to keep the celebrated Middleham Jewel in Britain has been successful. The anonymous owner of the 15th century gold and sapphire pendant, linked to Richard III, has agreed to sell it. It will be kept on permanent display at the Yorkshire Museum in York.

The owner agreed to sell the pendant to the Yorkshire Museums Charitable Trust, the appeal organisers, nine days before the government had to decide whether to allow an application to export the jewel which was found in 1985 by treasure hunters.

Lewis's sold

Lewis's department store in Leicester has been sold to a management buy-out team for an undisclosed sum. Administrative receivers were *appointed at Lewis's* in January following the collapse of the department store chain.

Oil industry 'buoyant'

The North Sea oil industry will remain vibrant with substantial production and activity for at least another 25 years, according to the annual review by Grampian Region's *economic development* and planning department.

The review says more than 90 new fields could be in production over the next 20 years, with the industry still providing more than 50,000 jobs in the region during the 1990s.

It says its findings "reflect *substantial long-term confi*dence in the offshore oil industry. Offshore oil and gas should continue for a considerably longer period than was envisaged 15 years ago. There should be substantial production and activity in the North Sea for at least another 25 years."

Power Offer for business

Small businesses in Britain that find it hard to pay their electricity bills have been given a helping hand from Offer, the Office of Electricity Regulation.

Offer, which has a reputation for defending the small consumer, yesterday ruled that electricity suppliers should not press business customers who pay their bills late for cash deposits.

Several regional electricity companies said they accepted Offer's decision. But dealing with credit risk is one of the biggest problems the companies face, especially as recession has hit more small businesses.

Jack Adams

Support claim for union job

Mr Jack Adams, one of the contenders for the job of deputy general secretary of the TGWU *general workers' union* – the largest in Britain – has claimed that the overwhelming majority of national officers in the union supported his election to the post.

The election campaign will be strongly fought during the coming weeks, particularly now that Mr Jack Dromey, one of Mr Adams' fellow national secretaries in the union, has re-entered the fray.

Mr Dromey withdrew his candidacy last month and pledged his support for Mr Adams but then announced *just over a week ago that he* would be standing after all.

The Conservative party, which has been drawing attention to the opposition Labour party's links with the unions in recent weeks, is likely to attempt to make political capital out of any win by Mr Adams, who is a member of the British communist party.

Cash bonuses for executives

Almost 90 per cent of board directors and senior managers in large companies are now able to receive performance-related bonuses in cash, according to a survey by the Monks partnership, remuneration consultants.

The availability of cash bonuses tails off sharply in smaller companies, with only 53 per cent offering them in businesses with annual turnover under £40m.

The proportion of senior executives below board level entitled to cash bonuses has jumped from 39 per cent in 1985 to 89 per cent this year.

Council director suspended

Mr John Field, 52, director of development for Preston council, north west England, has been suspended following police inquiries into land and property deals within the borough.

A terse statement issued by Preston town clerk Mr Tony Owens said Mr Field had been suspended on full pay following confirmation from the commercial branch of Lancashire CID that he was one of a number of council officers, councillors and property developers *who were being investigated*.

Mr Field said he was "bemused" by his suspension and denied being involved in any irregularities.

"At first I thought the whole thing was a joke. I have had nothing to do with commercial land development until three years ago. There is no question of me resigning," he said.

EC should be election issue says Thatcher

By Peter Riddell, US Editor in Washington

Thatcher: campaigning

MRS MARGARET Thatcher, *the former prime minister*, yesterday warned her successor that Britain's relations with the European Community should be a central issue for the next general election and that she would speak out on the "major points of principle" involved.

Her remarks, made in an American television interview during a visit to the US, suggest that Mrs Thatcher puts campaigning on the European issue ahead of unequivocal support for Prime Minister John Major.

Mrs Thatcher said she would be reluctant to criticise the policies of her successor unless "there were really major points of principle involved. The really big points that are going to come up over the coming months are what is the future of the European Community and whether the enormous powers of our parliament, in representing truly the views of the British electorate, are going to be curtailed. Our parliament is 700 years old and if its powers are curtailed, then it is truly curtailing the powers of the British people."

Saying that "really great issues" were involved, Mrs Thatcher said "all of us must speak out about them. Particularly as an election is coming up, then the question every candidate has to be asked is are you trying to get into parliament in order to diminish its powers and capability of representing the British people?

"The British people know that the laws are passed by their representatives and if they're no longer going to be, but by the EC, even though our own people opposed those laws, then that is very serious indeed."

Mrs Thatcher said she supported Mr Major and most hoped that he would "continue the policies that have won us three elections before".

During her interview, Mrs Thatcher argued that there was "a very special relationship" between Britain and the US. She said there was not only a common language but also a common heritage going back long before the American Revolution in 1776.

Her visit is only the latest in a frequent series of trips to the US since she ceased being prime minister last November.

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Salary, in a range up to around £43,000, is supported by excellent benefits including car, pension, 30 days' holiday, profit sharing and sharesave schemes, and generous relocation assistance.

Please send your cv, quoting reference PTR/GFI/13028/FT, to Patrick Johnson, PA Consulting Group, 123 Buckingham Palace Road, London SW1W 9SR. Closing date for receipt of applications 30 August 1991.

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GROUP FINANCIAL ACCOUNTANT

You will be responsible for the management and coordination of the group monthly reporting process, development of management information systems, and analysis and interpretation of financial information from the European subsidiaries. You will also take full responsibility for head office accounting and liaise closely with senior management at the parent company

Candidates will have at least 2-3 years post qualification experience with good spreadsheet knowledge. Exposure to foreign currency consolidations is highly desirable

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This high profile position will encompass the preparation of short and long-term business forecasts, budgets and performance analysis. There will be a high degree of liaison with senior international management and you will gain excellent exposure to all aspects of business

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Chief Internal Auditor

South East c £40,000 Package

Our client is a well established, successful Financial Services Group with a reputation for achieving a high level of customer service. Innovative management and sound investment in key areas of the business have prepared the Company both for the current climate and forthcoming challenges.

Recognition of the importance of strong financial controls and efficient business practices in gaining commercial advantage has long been part of their corporate philosophy. The post of Chief Internal Auditor is therefore seen as vital towards continued successful performance.

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Applicants should be graduate Chartered Accountants, with a minimum of five years' post qualification experience. They must be able to balance broad business issues with the detail necessary to recommend solutions to complex problems. Resourcefulness, diplomacy and communication skills must be displayed together with a self assured, self starting personality.

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In the first instance, interested applicants should write to Renny Hayes BA, ACA or Steven Vass BA, ACA at Michael Page Finance, Cygnet House, 45-47 High Street, Leatherhead, Surrey KT22 8AG, quoting reference number SEA.

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David Brewin, Recruitment Officer, British Rail Research, P.O. Box 2, London Road, Derby DE2 8YB. Closing date for receipt of applications 16th August 1991.

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- Reporting to the Group Finance Director, responsible for the building and leadership of a small pro-active team.
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THE QUALIFICATIONS
- A fully qualified accountant, graduate intellect, highly numerate and analytical, computer literate.
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- An innovative leader, probing and inquisitive by nature; stature and maturity to influence at senior levels. Willing to travel extensively; ambition and potential for further career progression.

London 071-975 0889
Manchester 061-941 3818

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Group Chief Accountant

Central London

Package c £55,000

Our client is a well known, manufacturing based plc, with operations widely spread around the world. Following a restructuring they now require a Group Chief Accountant to strengthen the head office team reporting to the Financial Director.

The role will be demanding but within the conventional responsibilities for such a post, and will include:-
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Candidates, male or female, must have a proven record in a similar role with a UK quoted, international Group. They will be ACA's, aged in their forties or early fifties with the style, maturity and authority to be effective at the centre of a major plc.

Remuneration will include bonus, executive car and the other comprehensive benefits normally associated with a progressive employer.

Please reply in confidence with a full CV, including latest salary details, to David Thompson Associates, Bacombe Rise, 42 Ellesborough Road, Wendover, Aylesbury, Bucks, HP22 6FL, who are assisting with this appointment.

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Finance Director
£30,000 plus

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The International Secretariat has an operating budget of £12 million. Immediate responsibilities for the Finance Director include implementation of fully integrated control and reporting systems, and development of financial systems for the Amnesty International movement.

We need to recruit very quickly to this post, so please send a CV to the address below, and give details of your experience and abilities in the following areas:
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- experience of the practical operation of an accounts unit
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CONDITIONS Fixed Term Contract of up to two years. Present salary approx. £30,000 per annum, negotiable according to experience, and a relocation and benefit package.

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Interviews: 22 and 23 August 1991.

amnesty international

For further information and an application form please contact: Personnel Office, Amnesty International, International Secretariat, 1 Easton Street, London WC1 0DJ, United Kingdom. Tel: (071) 837 3805 (24hr answerphone). Please quote reference number ADM/3.

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THE ROLE

- Reporting to the Head of Finance and Administration and responsible for all aspects of reporting and control.
- Full responsibility for EDP Department.
- Liaison with auditors, revenue and the Bank of England.

THE QUALIFICATIONS

- Applications must be young, recently qualified accountants (preferably graduate), aged between [illegible] and 32 with at least [illegible] years banking experience and expert [illegible] the use of PC's.
- The candidate must show a pragmatic, creative approach together with fast track career profile and mastery of all disciplines of reporting.
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Please write with full [illegible] and current financial package to:

The Personnel Manager
Generale [illegible] London [illegible]
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13/14 Appold Street
London
EC2A 2DP

FINANCE DIRECTOR

A Finance Director is required by a fast growing London based entrepreneurial company with around £20 million turnover and growing internationally.

The candidate (30-40) will

[illegible] responsible for all financial [illegible] management accounting including computers and systems;

be an analytical, commercially [illegible] and a constructive executive [illegible] member;

participate in [illegible] business, acquisitions and licensing deals;

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- Appropriate incentives, share option scheme *and other commensurate benefits.*

[illegible] write in strictest confidence to the Chairman, 11 [illegible] Square, London NW1 [illegible], enclosing details [illegible] your career to date.

FINANCIAL CONTROLLER

Required to be responsible for control of all financial aspects of a £7m turnover property maintenance company.

Our client, based [illegible] North East London, is looking for a qualified, computer literate accountant to join their progressive company.

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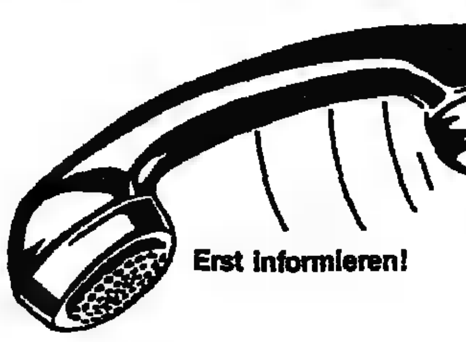

069/40 59 [illegible]
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Have you been working for some years as a successful senior auditor with an international [illegible] company? Or are you a successful manager in controlling, accounting etc. with an international high volume manufacturer? Do [illegible] have a recognised professional qualification as a Chartered Accountant, a CPA or equivalent? Are you of British or US origin? Are you looking for a challenging career within an international corporate framework? Then please continue reading: In our markets we are the world-wide Number 1 with strong growth rates in sales and profits. [illegible] grown partly through acquisition of [illegible] established ventures fitting our business strategy, and partly by organic growth. Our markets are characterised by very [illegible] world [illegible] players and usually a small [illegible] of regionally [illegible] companies. The business division in question (one of several in Europe) [illegible] high volume commercial products in European countries. Its customers require very close coverage, provided by a local branch in each area.

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[illegible] Unternehmensberatung
Frankfurt ◇ Zürich
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[illegible] key individual, capable of leading the company towards a new [illegible] in its development.

THE COMPANY - Providing a Consumer Finance Service, the organisation currently operates within the established structure of a profitable electronics based international Group. A projected turnover of c£30m for the current financial year is seen as a base level from which to expand into new markets and achieve further penetration into existing ones.

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Management skills and [illegible] acumen [illegible] obvious prerequisites. However, the successful candidate will demonstrate the strength of ambition and character to utilise these attributes in the [illegible] and [illegible] of the company's [illegible] growth, [illegible] implementing strategies [illegible] to the Group as a [illegible]

THE REWARDS - Commencing salary will be in [illegible] range [illegible] - [illegible] p.a., plus performance related [illegible]. In addition, [illegible] Car, [illegible] Health [illegible], Contributory Pension Scheme [illegible] an Annual Holiday Entitlement of 5 weeks are benefits accorded the post. An outstanding re[illegible]ation package is available where appropriate.

Respondents may be assured [illegible] all enquiries will be in complete confidence and are kindly invited to tender their applications to

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FINANCIAL RECRUITMENT CONSULTANTS
[illegible] FRIAR LANE, NOTTINGHAM NG1 [illegible]
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The Berkeley Group plc is [illegible] ultimate parent company which has demonstrated a capacity [illegible] substantial growth in [illegible] and more importantly [illegible] ability to [illegible] by generating cash in the difficult market conditions persisting since [illegible]. By following clear aims and philosophies such as [illegible] plan sales, developing small sites etc, the company has achieved high return with minimum risk. The [illegible] recently raised £44M by way of a Rights Issue to acquire James Crosby Group plc, a North-West based housebuilder and to [illegible] in residential land. The company is in a very strong financial position with minimal borrowings.

This is an excellent opportunity which [illegible] probably only available [illegible] those currently earning [illegible] and who can progress to a Board position in the short [illegible], by demonstrating the ability to contribute positively to the team's operational performance. Relevant experience will be useful although not essential.

If you [illegible] common ground, please contact our advisor **MARK STEWART** at
Caswell Abbott Executive Search & Selection,
12 Kensington Church Street, London W8 4EP.
Tel: (071) [illegible] 1022

Macbryde Homes

FINANCE DIRECTOR

- We are seeking a suitably qualified person to succeed our Finance Director who is retiring.
- Our key requirements include responsibility for all accounting functions, initiating improvements and controls. Also an ability and initiative to contribute to the general management of the company.
- We [illegible] a young successful private house building and commercial construction company based [illegible] the North Wales [illegible], with an impressive growth and profit record. Our sphere of operations [illegible] from the North West of England down to Shropshire as well as in Wales.
- We offer an excellent salary package including benefits and incentives, company [illegible] and pension, etc.
- Based in a beautiful part of the world offering excellent working conditions.

Written applications [illegible]

Managing Director
Macbryde Homes Limited
Alexandra House
Abergele Road
COLWYN BAY
Clwyd LL29 9YF

FINANCE DIRECTOR - DESIGNATE

North London **Salary c£35,000 + benefits**

Due to the rapid growth [illegible] our London based horticultural services and garden centre we are seeking a qualified accountant with several years good commercial experience at senior management level, preferably in the retail sector. The position is intended to lead to the appointment as Group Finance Director on the retirement of the present [illegible]

The successful candidate will possess a dynamic personality and the ability to bring commercial awareness to the role. He or she will assume total control of the finance function, including direction of the accounts department in the production and analysis of monthly management accounts, cash flow forecasting and the preparation of statutory accounts. The responsibilities will also include receivables and payables management, treasury management and control and maintaining and developing group banking relations.

The successful applicant will report directly to the Managing Director and the Board and will have every opportunity for development based on ability, enthusiasm and willingness to be part of a dedicated management team motivated to develop the company as a major force within the industry.

Salary package is by negotiaiton, but is unlikely to be less than £35,000 per annum [illegible] For further information contact C. Goss at Capital Gardens plc on 081 348 5054 or apply wiih CV to 1 Townsend Yard, Highgate High Street, London [illegible] 5JF

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STAND OUT FROM THE CROWD

LEGAL NOTICES

THIS IS A CORRECTION TO THE NOTICE THAT APPEARED ON JULY 29TH.

NO. [illegible] of 1991

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
MR REGISTRAR [illegible]
IN THE MATTER [illegible] PUBLIC LIMITED [illegible]
and
IN THE MATTER OF THE COMPANIES ACT, 1985

NOTICE IS HEREBY GIVEN that by an Order dated the 17th July 1991 made in the above matters the Court has directed a Meeting to be convened of the holders of the Ordinary Shares of 5p each (other than the Connected Shares and [illegible]ded Shares, [illegible] as defined in the Scheme of Arrangement hereinafter mentioned) of the above-named Leica Public Limited Company (hereinafter [illegible] "the Company") for [illegible] purpose of [illegible]ing and if thought fit [illegible] (with or without modification) a Scheme of Arrangement proposed to be made between the Company and the holders of its said Shares (other than aforesaid) and that such Meeting will be held at 18 Coleman Street, London EC2 on Friday the [illegible] 1991 at [illegible] o'clock in the fore-noon at which place and time all such Shareholders are requested to attend.

Any person [illegible] to [illegible] the said Meeting can obtain copies of the said Scheme of Arrangement forms of Proxy and copies of [illegible] required to be furnished pursuant to Section 426 of the above-mentioned Act at the offices of the Registrars of the Company Regis Registrars Limited, Balfour House, [illegible] Road, [illegible] Essex [illegible] 1BR and at the offices of the [illegible] Solicitors at the address mentioned below [illegible] business [illegible] on any day [illegible] than a Saturday or a Sunday) prior to the day appointed for the said Meeting.

The said Shareholders may vote in person at the said Meeting or they may appoint another person whether a Member of the [illegible] or not as their Proxy to attend and vote in their stead.

It is requested that forms appointing [illegible] be lodged with the Registrars of the [illegible] Regis Registrars Limited, [illegible] House, 390/398 High Road, Ilford, Ess[illegible] 1BR not less than [illegible] hours before the time appointed for the said Meeting but if forms are not so lodged they may be handed to the Chairman at the Meeting.

In the case of joint holders the vote of the senior who tenders a vote whether in person or by Proxy will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the Register of Members.

By the Said Order the Court has appointed The Rt. Hon. Sir Geoffrey E. Pattie MP, or failing him, Raghuvir Bhuwanishanker Kalbag, to act as Chairman of the said Meeting and has directed the Chairman to report the result thereof to the Court.

The said Scheme of Arrangement will be subject to the subsequent approval of the Court.

DATED this 29th day of July 1991

SLAUGHTER AND MAY (ref: JMDE)
of 35 Basinghall Street,
London EC2V 5DB Solicitors for the Company

ISG DATA SALES LTD
(IN RECEIVERSHIP)

NOTICE IS HEREBY GIVEN, [illegible] section 48(2) of the Insolvency [illegible] that a meeting of the unsecured [illegible] of the above named company will [illegible] held at Cork Gully, 8 Greyfriars Road, [illegible], at 10.30 am on Monday [illegible] for the purpose of having laid [illegible] it a [illegible] of the report [illegible] the Administrative [illegible] under Section [illegible] of the said Act. The Meeting may, [illegible] fit, establish a committee to exercise [illegible] functions conferred on creditors' committees by or under the Act.

Creditors are entitled to vote [illegible]

(a) they have delivered to us at the above address, no later than 12 noon on Friday 16 August 1991, written details of the debts they claim to be due from the company and the claim has been duly admitted under the provisions of Rule 3.11 of the Insolvency Rules [illegible]

(b) there has been lodged with us any proxy which the creditor intends to be used on his behalf.

Date: 31 [illegible] 1991

N J Vooght
Joint Administrative Receiver

DOCTUS TECHNOLO[illegible]
SERVICES LIMITED

Registered number: 2422449
Former company name(s) (a): Dehastore [illegible]
Trading name(s)(b): [illegible] Limited
Doctus T[illegible] Services Limited
Nature of [illegible]: Computer Services
Trade classification (c): 36
Date of appointment [illegible] administrative receiver(s): 29 July 1991
Name of person appointing the administrative receiver[illegible] Royal Bank of Scotland Plc
[illegible] Barlow, John [illegible] and John David Harrison
Joint Administrative Receivers
(office holder no(s) C J Barlow 682, J F Powell 2695, J D Harrison 2165
Cork Gully,
Shelley House,
3 Noble Street,
London EC2V 7DQ

CLUBS

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SUFFOLK

The FT proposes [illegible] publish this survey on September [illegible] 1991. It will be of particular interest [illegible] the 54% of Chief Executives in Europes largest companies, who read the FT. If you want [illegible] reach this important audience, call Charles Ping on [illegible] 873 3362.

Data source: Chief Executives in Europe 1990

FT SURVEYS

COMPANY NOTICES

BANK OF NEW ZEALAND
US$50,000,000
11⅜ PER CENT.
CAPITAL NOTES 1993

Holders of the above Notes are advised that copies of the 130th Annual Report and Accounts 1991 of Bank of New Zealand for the year ended 31st March, 1991, are available from:–

Bank of New Zealand,
Group Treasury, BNZ Centre,
1 Willis Street, Wellington,
New Zealand.

Bank of New Zealand,
Financial Services Division,
BNZ House, 91 Gresham Street,
London EC2V 7BL.

S.G. Warburg & Co. Ltd.
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8th August, 1991.

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Please [redacted] full personal and [redacted] details, including daytime telephone number and current remuneration level, in confidence [redacted] Torrance Smith, Coopers & Lybrand Deloitte [redacted] Resourcing Ltd, [redacted] Lane, [redacted] 3JB, quoting the relevant [redacted] number on both envelope and letter.

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Please write with full CV [redacted]

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appears every Wednesday & Thursday, and every Friday
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FT LAW REPORTS

Financial services claim goes ahead

SECURITIES AND INVESTMENTS BOARD v PANTELL SA AND OTHERS
Sir Nicolas Browne-Wilkinson (*Vice-Chancellor*): Chancery Division: July 29 [illegible]

A SOLICITOR who is knowingly concerned in his client's unlawful financial services transactions, can be ordered by the court to repay sums paid to the client by innocent investors, so as to restore them to the position they were in before the transactions were entered into.

Sir [illegible] Browne-Wilkinson V-C so held when refusing an application by solicitors as third, fourth and fifth defendants, to strike out the claim against them in an action by the Securities and Investments Board (Sib) against Pantell SA and others.

THE VICE-CHANCELLOR said that in its statement of claim the Sib alleged that Pantell, not being an authorised person, carried on investment business in the UK contrary to section 3 of the Financial Services Act 1986, made misleading [illegible] contrary to section 47, made unsolicited calls contrary to section 56, and issued investment advertisements in the UK contrary to section 57.

It alleged that Pantell, from outside the UK, was dishonestly pushing and selling shares in a US company to English investors, who bought 1,434,500 [illegible] shares at a total of over $2m.

The claim was amended to join the solicitors as defendants, alleging that between July 1988 and February 1989 they acted for Pantell and its moving light, a Dr Schubert, and were knowingly concerned in Pantell's breaches of sections 3, 47, 56 and 57.

The amended statement claimed a declaration that the solicitors had, since April 29 1988, been "knowingly concerned" in the Pantell's contraventions of section 3, 47 and 57; an order under section 6(2) of the Act requiring them to pay sums to the Sib or into court for the purpose of restoring persons who entered into transactions with Pantell contrary to section 3 to the position in which they were before the transactions were entered into; and an order under section 61(1) that they pay sums to the Sib or into court, or alternatively take such other steps as the court might direct to remedy the contraventions of sections 47 and 57.

The solicitors denied that they were knowingly concerned in Pantell's contraventions.

They applied to strike out the claims on the ground that, even assuming the allegations were correct, on the true construction of sections 6(2) and 61(1) the Sib was not entitled to the relief claimed against them.

The Act gave individual investors a private right of action to recover money or property transferred under an investment agreement made in consequence of breaches of sections 3, 56 and 57, and a right of action to recover compensation for any loss suffered by the investor.

But there were three points to be noted.

First, the statutory rights of action of the individual investor lay only against the person who contravened the statutory prohibition: the individual investor was given no cause of action against third parties knowingly concerned in such contravention.

Second, the individual investor had no right to claim an account of profits made by the contravener.

Third, the individual investor was given no right of action for contravention of section 47.

Sections 6 and 61 conferred on the secretary of state statutory rights of action, enforcement of which he had delegated to the Sib.

Section 6 conferred rights of action arising from contraventions of section 3. It provided by subsection (2) that if the court was satisfied a person had entered into a transaction in contravention of section 3, it might order him "and any other person who appears to the court to have been knowingly concerned in the contravention" to take steps for "restoring the parties to the position in which they were before the transaction was entered into".

Section 61 conferred on the secretary of state similar rights in relation to other prohibitions. Subsection (1) provided that if the court was satisfied that there was a reasonable likelihood that any person would contravene or had contravened sections 47, 56, 57 or 59, it might make an order requiring him "and any other person who appears to the court to have been knowingly concerned in the contravention to take such steps as the court may direct to remedy it".

The only powers conferred on the court to make orders against third parties were contained in sections 6(2) and 61(1).

They both empowered it to make orders to remedy the contravention not only against the person contravening but also against "any other person who appears to the court to have been knowingly concerned in the contravention".

The relief claimed against the solicitors was under those sections. The court's power to order an account of profits or compensation for loss suffered by the investor was only exercisable against the contravener himself.

Mr Sumption for the solicitors submitted that the relief claimed against the solicitors under sections 6(2) and 61(1), was not claimable since it was a claim for compensation for loss and there was no jurisdiction to order compensation for loss against persons "knowingly concerned".

Mr Oliver accepted there was no power to order compensation for loss under section 6(2) or section 61(1). He submitted that those subsections provided for restitution, under which the [illegible] could be ordered to restore what he had received to each investor who had entered into a transaction as a result of the contravention of the statutory prohibitions.

He said the sections made it clear that an order for repayment could also be made against a person "knowingly concerned".

Therefore, submitted Mr Oliver, the restitution claim against the solicitors was maintainable.

Sections 6(2) and 61(1) provided for a statutory rescission of unlawful transactions.

They authorised the court to order steps to be taken "for restoring the parties to the position they were in before the transaction was entered into" (section 6(2)), or "to remedy" the contravention (section 61(1)).

Those were the classic features of a rescission in equity – the putting back of parties into the position they were formerly in.

There was no reason why, as against the contravener himself, the court should not order repayment of sums paid to him under the unlawful transaction, whether or not the actual sums paid were capable of being identified as a separate fund of money.

There was nothing in the words of the sections which justified such a restriction nor was it a prerequisite of an order for repayment of the price by the vendor when a contract was rescinded in equity.

If, as was clear, the court could order the contravener to repay the price out of his own pocket, the section appeared to provide that the same order could be made against the third party "knowingly concerned".

The words of the section were general. The court could make the [illegible] either against the contravener or against the third party "knowingly concerned".

Such a result accorded with common sense.

The most obvious example of a person "knowingly concerned" in a contravention would be a person who was the moving light behind a company which carried on investment business in an unlawful manner.

If, as was often the case, the company was not worth powder and shot, it was obviously just to enable the court, as part of the statutory remedy of quasi-rescission, to order the individual who was running that company in an unlawful manner to recoup those who had paid money to the company under an unlawful transaction.

There was no explanation why the power to make orders against third parties knowingly concerned was not extended to claims for compensation for loss or to claims made by investors individually. But that factor did not provide any basis for giving the words an artificially limited meaning.

Under sections 6(2) and 61(1) the court had jurisdiction to order the solicitors (if they had been knowingly concerned in a relevant contravention by Pantell) to repay investors sums paid to Pantell.

For the solicitors: Jonathan Sumption and Leslie Kosmin (Barlow Lyde & Gilbert [illegible] are not the defendant solicitors).

For the Sib: David Oliver QC and Thomas Lowe ([illegible] & Blackwell).

Rachel Davies
Barrister

CONTRACTS & TENDERS

INVITATION FOR BIDS

Loan No.	: [illegible]
File No.	: DAPT-IBRD/01
Order No	: 91-DAPT/415
Date of Issuance	: 19.8.1991
Bid Submission Date	: 2.10.1991

1. The TURKISH ELECTRICITY AUTHORITY, hereinafter referred to as TEK, has applied for a loan from the International Bank for Reconstrucion and Development, hereinafter referred to as the WORLD BANK in various currencies equivalent to USD 60,000,000.- towards the cost of TEK Restrucuring Project and intends to apply a portion of the proceeds of this loan to eligible payments under the Contract for which this Invitation For Bids is issued. Payment by the World Bank will be made only at the request of TEK and upon approval by the World Bank and will be subject in all respects to the terms and conditions of the loan agreement. No party other than TEK shall derive any rights from the loan agreement or have any claim to the loan proceeds.

2. The TURKISH ELECTRICITY AUTHORITY now invites sealed bids from eligible Bidders for supply of distribution power transformers for medium voltage systems.

3. A prerequisite for eligibility of local and foreign tenderers is as follows.
   a) Those bidders who have been regularly engaged for a continuous period of five years, prior to the date of bid submission, in the design and manufacture of specified or similar equipment.
   b) Those bidders who have designed and manufacturered at least 150 of which at least 75km are in successful operation for a minimum period of three (3) years.
   c) Tenderers shall submit certified documents proving above prerequisite together with their bids.
   d) In case the manufactured goods are produced under licence the references of the licenser shall not be taken into account, in evaluating the eligibility of the bidder.
   e) TEK may decide to waive the qualification conditions listed above for certain bidders, in case the proposed equipment has previously been furnished to TEK with a satisfactory operational record.

4. The Bidders are free to quote on single or several items of the Bill of Quantities, as well as the whole of them. Items shall be evaluated separately. Those Bidders who offer to supply more than one item shall assure the validity of their delivery schedule in the case that they are [illegible] for [illegible] items.

5. Interested eligible Bidders may obtain further information from and inspect the Bidding Documents at the office of:

   TURKISH ELECTRICITY AUTHORITY
   General Management
   Commercial Affairs Department
   İnönü Bulvari No: 27 Kat: 1
   Bahçelievler Son Durak
   ANKARA/TURKEY

   Telex: 42245 tek tr
   Telefax: (4) [illegible]

6. A complete set of Bidding Documents may be purchased by any interested eligible Bidder on the submission of a written application to the above office and upon payment of non-refundable fee of 350 - USD or 1,500.000 TRL at the following address:

   TURKISH ELECTRICITY AUTHORITY
   General Management
   Department of Finance
   İnönü. Bulvari No: 27 Kat:4
   Bahçelievler Son Durak
   ANKARA/TURKEY

   Those Bids submitted by the Bidders who did not purchase the Bidding Documents shall be rejected.

7. All bids must be accompanied by a bid security in an acceptable form of not less than 3% (three percent) of the bid price and must be delivered to the above office on or before 12.00 hours on 2.10.1991

8. Bids will be opened in the presence of those Bidders representatives who choose to attend at 14.00 hours on 2.10.1991 at the office;

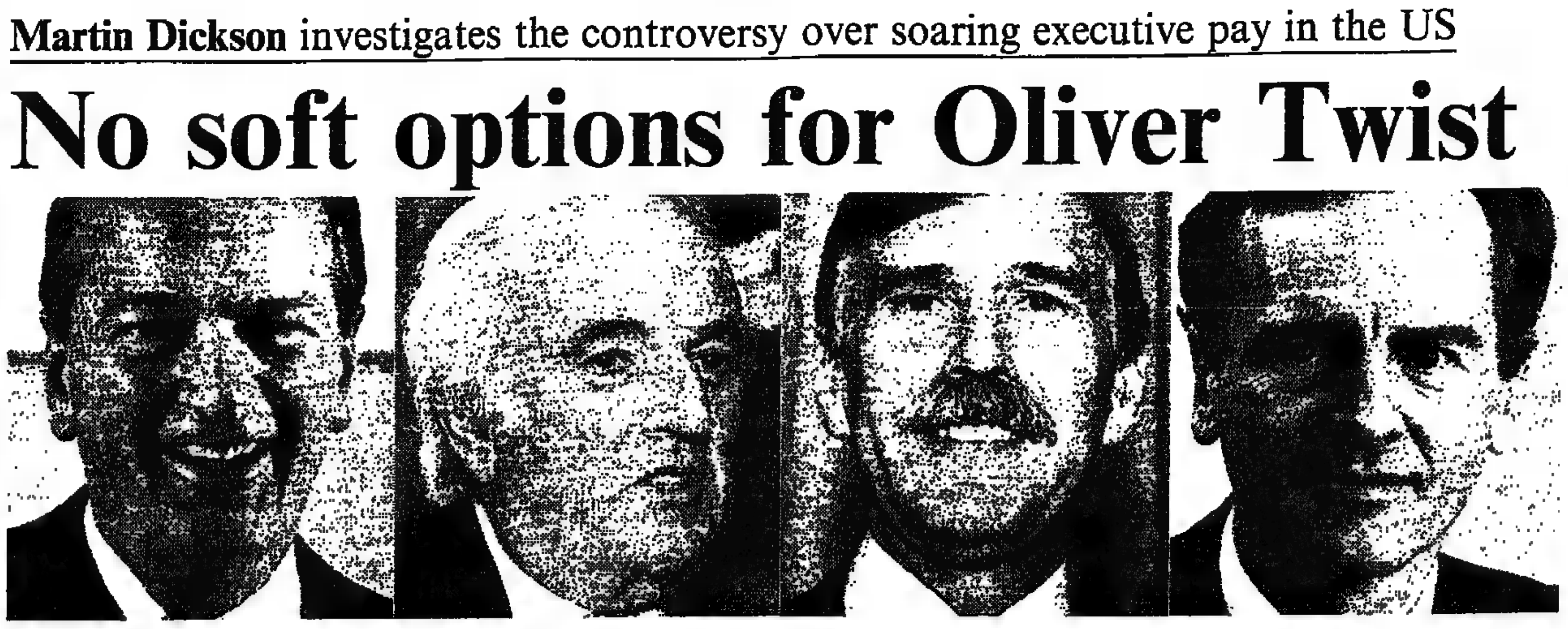
   TURKISH ELECTRICITY AUTHORITY
   General Management
   Procurement Commission
   İnönü. Bulvari No: 27 Ground Floor Block [illegible]
   Bahçelievler Son Durak
   ANKARA/TURKEY

APPOINTMENTS WANTED

MANAGEMENT

Martin Dickson investigates the controversy over soaring executive pay in the US

No soft options for Oliver Twist



Top [redacted] the US [redacted] league: [redacted] right) ITT's [redacted] Steven [redacted] Time Warner, Stephen Wolf [redacted] Airlines [redacted] John Sculley of Apple Computer

A loud warning shot was fired above America's boardrooms recently by one of the nation's [redacted] powerful [redacted] in essence was: cut the greed, and bring some sanity back to your [redacted] packages.

It came from California Public Employees Retirement System, [redacted] ter known [redacted] Calpers, which is the largest public pension fund in the US. It [redacted] one [redacted] the leading members [redacted] the fast-growing [redacted] porate governance movement, which consists mainly of institutional [redacted] and [redacted] to [redacted] companies more responsive [redacted] shareholders' [redacted]

[redacted] last annual meeting [redacted] ITT, Calpers voted against the re-election of the conglomerate's directors in protest at the large pay and bene[redacted] package enjoyed in [redacted] by Rand Araskog, its chairman. He [redacted] between $10m (£6.2m) [redacted] $11.5m – which [redacted] variously computed [redacted] annual rise of between [redacted] and 103 per [redacted] Calpers [redacted] he [redacted] this rise [redacted] company's mediocre [redacted] results.

While boardroom [redacted] is being subjected [redacted] much more [redacted] scrutiny [redacted] criticism in [redacted] Britain, the [redacted] in the [redacted] make British managers look little greedier than Oliver Twist. In [redacted] Ross, [redacted] joint chief executive [redacted] Time Warner, [redacted] media [redacted] and [redacted] (depending on how [redacted] cial one-time gain [redacted] calculated). Stephen Wolf, chairman of [redacted] Airlines, made [redacted] $18m, and John Sculley of Apple Computer $16.7m.

[redacted] figures are hardly representative [redacted] US [redacted] whole, [redacted] they consist mostly of one-off gains on [redacted] options. The [redacted] compensation [redacted] executive was $1.4m (including salaries, bonuses and special share deals), according to [redacted] study [redacted] companies by Towers Perrin, [redacted] consultancy.

Nevertheless, the huge, [redacted] grabbing sums earned by [redacted] likes of [redacted] Wolf and Ross [redacted] provoked management consultants, [redacted] politicians, union lead[redacted] and institutional shareholders to shout that executive [redacted] has spi[redacted] control [redacted] be [redacted] to improve [redacted] system.

This chorus of disapproval [redacted] grown louder [redacted] year. Recession, and [redacted] revulsion against Wall Street's "greed is good" philosophy of [redacted] 1980s, [redacted] much [redacted] do with [redacted] colossal [redacted] pay [redacted] look particularly [redacted] when rank-and-file workers are losing their jobs. Increasing [redacted] pay [redacted] profits [redacted] falling [redacted] raises [redacted] questions [redacted] supposed link [redacted] and performance which are hidden in [redacted] times. Growing militancy on [redacted] part of institutional investors [redacted] as Calpers [redacted] having a powerful [redacted]

The [redacted] three interlocking themes:

- [redacted] executives overpaid?
- Is the compensation system structured [redacted] get [redacted] best perfor[redacted] of managers?
- If not, what should [redacted] done [redacted] it?

The [redacted] between [redacted] executives' earnings and those [redacted] of [redacted] society – including junior management – [redacted] widened markedly [redacted] past [redacted] A study by [redacted] Crystal, [redacted] leading authority on executive pay [redacted] business professor [redacted] University [redacted] California, Berkeley, found [redacted] in [redacted] 10 randomly selected US companies [redacted] earnings 29 times [redacted] worker. By [redacted] had grown [redacted] 53 [redacted]

Even [redacted] figures [redacted] disparity, [redacted] more companies are relying on [redacted] long-term [redacted] – like share options – as part [redacted] pay packages. Taking [redacted] into account, Crystal found [redacted] chief executives earned [redacted] as [redacted] as the average worker in the mid-1970s, but 109 times [redacted] much in [redacted] 1980s.

[redacted] chief [redacted] extremely well compared with [redacted] foreign counterparts. International comparisons are dangerous [redacted] the differing [redacted] of non-wage perks enjoyed by [redacted] world. However, Crystal estimates [redacted] Japanese chief execu[redacted] just 17 times [redacted] average worker's pay, French and Germans get 23 to 25 times, and in the UK [redacted] multiple [redacted]

At a time when the [redacted] is strug[redacted] international competitiveness against Japan and Germany, there [redacted] increasing American scepticism that [redacted] actually improves [redacted] pany's performance. That said, [redacted] universal. [redacted] Halloran, head of [redacted] executive compensation practice [redacted] Towers Perrin, which advises [redacted] companies, says that while some [redacted] obviously "out of whack", [redacted] problems are not too pervasive: "For every [redacted] example there [redacted] companies [redacted] have [redacted] a reasonably good job."

Michael Jensen, [redacted] Harvard Busi[redacted] School, [redacted] pointed [redacted] in real [redacted] pay of chief executives [redacted] public companies [redacted] only now catching up [redacted] of 50 years [redacted] and [redacted] far from excessive alongside [redacted] partners in top [redacted] firms or [redacted] investment houses – against which industry [redacted] compete to attract [redacted] most talented individuals.

In [redacted] Harvard [redacted] Review paper last year he argued: "There are serious problems with chief [redacted] compensation, but [redacted] pay is [redacted] The [redacted] on [redacted] much [redacted] paid [redacted] public [redacted] tion from the real problem – how CEOs are paid. In [redacted] publicly held companies, the compensation [redacted] is virtually independent [redacted] performance."

That is [redacted] view shared increas[redacted] by compensation experts. A look at [redacted] three components [redacted] a chief executive's [redacted] package – basic pay, annual bonus, and long-term incentives – helps to explain why. Of the three, [redacted] pay – the [redacted] salary received by the chief executive, irrespective [redacted] company's performance – varies widely from [redacted] company. But there is often a rough link [redacted] the [redacted] package and the size [redacted] complexity of a business.

This [redacted] because the company's boardroom compensation committee, which [redacted] the chief executive's pay and [redacted] usually composed of out[redacted] directors, seeks advice from independent consultants on comparable [redacted] at similar companies.

The system, however, [redacted] in-built ratchet [redacted] which helps explain why executive [redacted] leapt so [redacted] ahead of [redacted] US pay [redacted] whole; [redacted] committee [redacted] out [redacted] rival companies pay their chief [redacted] tives. It then fixes [redacted] higher than [redacted] figure on [redacted] grounds [redacted] the company [redacted] above [redacted] or wants the chief executive to improve [redacted] performance.

Some cynics also maintain [redacted] executives [redacted] strongly influence the [redacted] of their package by ensuring that [redacted] boardroom is full of even more highly-paid executives [redacted] other companies. "If you're running a company, and [redacted] want a raise, you wouldn't [redacted] to join your board," [redacted] Crystal. "But you would want to ask the [redacted] of another [redacted] so long [redacted] he [redacted] paid a lot more than you."

In any event, [redacted] pay is shrinking [redacted] proportion [redacted] total remu[redacted] – it [redacted] now just [redacted] per cent [redacted] executive's total pack[redacted] according to Towers Perrin, compared with [redacted] per cent [redacted] short-term [redacted] cent for long-term [redacted] And it [redacted] the latter [redacted] highest and [redacted] anomalous rewards.

Annual bonuses [redacted] supposed [redacted] reward executives for their company's performance during the previous [redacted] months and [redacted] usually [redacted] one or more measures [redacted] financial performance. They [redacted] extremely lucrative; the most [redacted] example [redacted] year was [redacted] Eisner, [redacted] the Walt Disney entertainment group in [redacted] has an extremely volatile bonus system, which only [redacted] if [redacted] earns [redacted] than an 11 per [redacted] return [redacted] equity but [redacted] him handsomely if it [redacted] that. [redacted] $11.2m.

Eisner [redacted] sometimes cited as [redacted] example [redacted] system working well – both [redacted] Walt Disney's shareholders have shared in the [redacted] pany's revival – but [redacted] say [redacted] systems [redacted] many corporations do [redacted] respond with sufficient sensitivity [redacted] changing performance. Last year [redacted] annual compensation (base salary plus bonus) of [redacted] chief executive rose 6.7 [redacted] down from [redacted] the previous [redacted] and [redacted] cent in 1988, but it did not [redacted] 12 per cent drop in average corporate [redacted]

[redacted] were some substantial pay [redacted] in [redacted] – for example, [redacted] Stempel, chairman of General Motors, which went into heavy losses, saw his [redacted] drop by [redacted] per cent – and Towers Perrin's Halloran [redacted] that [redacted] broad correlation [redacted] exist between lower bonuses and industrial [redacted] facing declining profits.

Crystal, however, claims to have found [redacted] for a 10 per cent [redacted] in earnings per share, pay and [redacted] average by 13 [redacted] cent. For a 10 per cent drop it [redacted] increases – by 4 per cent. There [redacted] several [redacted] Many bonus targets are simply [redacted] far [redacted] low. [redacted] these [redacted] discretion [redacted] board, which may choose [redacted] The chief executive [redacted] the [redacted] of [redacted] below him, establishing a framework of reward [redacted] powerfully [redacted] his [redacted] pay.

"Long-term incentives", such as [redacted] options, [redacted] under fire. In their [redacted] form, [redacted] option [redacted] chief executive to buy a certain number of shares in the company [redacted] fixed price (often [redacted] current stock market price) when the option is exercised [redacted] time in the future. This is supposed [redacted] spur him [redacted] greater work, [redacted] more [redacted] company [redacted] its [redacted] price rises, the greater his profit stands to be.

Compensation experts [redacted] public [redacted] becoming [redacted] the sheer [redacted] the profits now [redacted] reaped from share option [redacted] initiated in the [redacted] – and [redacted] the [redacted] market performs well over [redacted] next few [redacted] the profits and [redacted] much stronger. Critics [redacted] companies have either been setting the exercise price [redacted] low or have devised variations [redacted] these schemes which [redacted] much of their risk – and therefore the incentive for man[redacted] perform.

Take for example, "option swaps". Say a company has issued stock options to [redacted] with [redacted] price of $50. If the group's share price then drops to $20 – possibly through [redacted] management – [redacted] option [redacted] allows the execu[redacted] simply to [redacted] in their old $50 options for new $20 ones.

Many companies simply give [redacted] to chief executives – with conditions attached designed to keep them from leaving the group. And a [redacted] put a floor under this stock – if the share price drops, [redacted] a cheque to make up his potential losses.

So what are the answers to runaway executive pay?

M[redacted] experts [redacted] that a useful first step [redacted] be much greater clarity about what directors are paid. Executives' pay is theoretically spelt [redacted] in [redacted] company's [redacted] (voting) statement, which is sent to shareholders [redacted] the annual meeting. But [redacted] packages are so complex [redacted] specialists [redacted] them out.

Large shareholders, such as Calpers, [redacted] counter to executive [redacted] although [redacted] pres[redacted] allow investors to put [redacted] resolutions dealing with [redacted] compensation, on [redacted] grounds that this [redacted] "ordinary business" and thus [redacted] matter for the board alone.

Many critics [redacted] it is also essential [redacted] have stronger, more independent boards [redacted] directors. [redacted] best compensation method, there [redacted] many theories [redacted] experts, [redacted] is considerable [redacted] ground. First, there is gen[redacted] agreement [redacted] is desirable [redacted] executives [redacted] large stake in [redacted] business. [redacted] consultants suggest [redacted] companies should set a target [redacted] ownership – say [redacted] times [redacted] salary.

Second, incentive schemes involving little or no risk [redacted] be scrapped, [redacted] number [redacted] consul[redacted] would scrap all incentives on [redacted] grounds [redacted] they destroy teamwork.

Third, in setting performance targets, boards should use measures which reflect [redacted] returns received by shareholders – since managers [redacted] supposed [redacted] working [redacted] good of the company's owners.

All this may have important lessons [redacted] UK, where compensa[redacted] relatively simple by [redacted] But Crystal, for one, fears that the US virus is starting [redacted] slip [redacted] the Atlantic. "An increasing number of British businessmen seem [redacted] be [redacted] pos[redacted] to [redacted] sickness," he says. "And it is known by the initials G.R.E.E.D."

TECHNOLOGY

Sit back and enjoy the view

Geof Wheelwright describes the individual video systems being fitted on Virgin Atlantic flights

Individual in-flight entertainment systems, which provide [redacted] small, colour screen for [redacted] passenger, will soon [redacted] uninterrupted viewing on many [redacted] journeys. Passengers will have as much choice in what they watch as they [redacted] in [redacted] they hear on [redacted] in-flight [redacted] entertainment system.

Pioneering [redacted] age [redacted] in-flight [redacted] is Virgin Atlantic airlines. Four [redacted] it [redacted] down the video road with [redacted] purchase of dozens of Sony Video [redacted] man hand-held [redacted] recorder/ TV units for use by first-class passengers on its long-haul flights. Passengers could choose [redacted] to [redacted] films on video [redacted] could use the Video Walkmans for the duration [redacted] flight.

That, however, [redacted] only an interim development – and was only used in the "Upper Class" (Virgin's [redacted] for [redacted] first-class section) service. [redacted] June, Virgin became the world's first carrier to install a universal video entertainment system throughout one [redacted] Boeing 747 Jumbo jets.

The system, developed by Philips subsidiary Airvision of Valencia, California, provides passengers in both [redacted] first and coach sections of [redacted] aircraft with [redacted] small, LCD colour video [redacted] in front on them – on which they can view any one of up to six video channels.

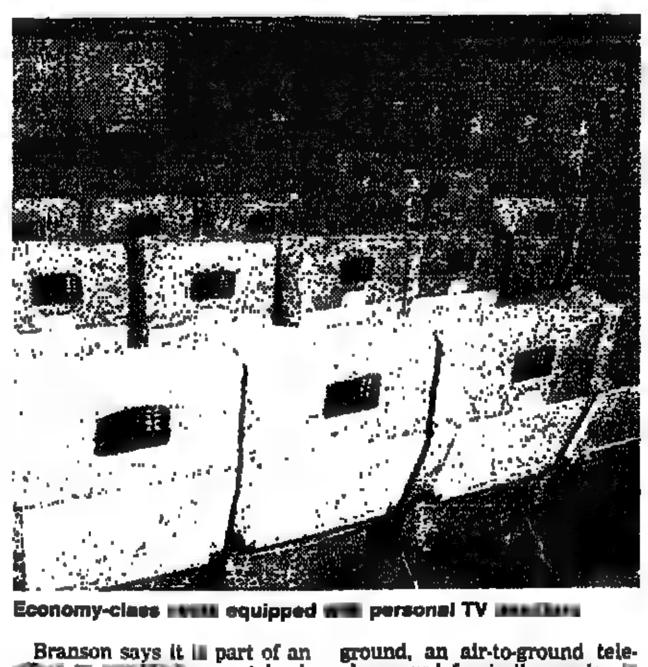
Airvision's 3060 system provides passengers in the [redacted] cabin with a three-inch colour [redacted] screen and [redacted] entertainment channels (two movie channels, [redacted] music, [redacted] edy, one sports/children's programme [redacted] one [redacted] zine). First-class [redacted] have access [redacted] the same programmes [redacted] six-inch seat[redacted] LCD colour [redacted]

[redacted] film [redacted] three different films each, allowing [redacted] more [redacted] films than usual. The [redacted] for [redacted] provided through [redacted] existing [redacted] entertainment system.

Later this [redacted] according to Richard Worrall, marketing projects manager for Virgin Atlantic, [redacted] airline will [redacted] installing Airvision's second-generation 4060 system – which will provide [redacted] passengers with a larger four-inch screen and incorporate "cabin management" [redacted] in [redacted] video control console.

This will provide a direct computer link between the [redacted] galley of [redacted] aircraft, allowing passengers to order what they would like – including duty-free goods – using their seatback video screen. The [redacted] relayed [redacted] flight attendants in the galley.

Although installation of [redacted] systems [redacted] costing Virgin Atlantic around $1.2m (£700,000) per plane, airline founder [redacted] managing director Richard Branson [redacted] it [redacted] price worth paying [redacted] stay competitive during what [redacted] a tough [redacted] for many airlines.



Economy-class [redacted] equipped [redacted] personal TV [redacted]

Branson says it [redacted] part of an [redacted] repeat busi[redacted] "Most airlines just transport people from [redacted] to [redacted] – they don't think about the fact that when people [redacted] on [redacted] plane for 12 hours they might want [redacted] enjoy themselves," he says.

Branson says the develop[redacted] new in-flight services will [redacted] stop there – despite the fact that it takes each plane out of service for six weeks [redacted] fit it with the [redacted] system. [redacted] says that Virgin will also soon [redacted] able [redacted] video [redacted] during the flight.

For those who [redacted] leave their work [redacted] the ground, an air-to-ground telephone and facsimile service [redacted] being development for [redacted] first-class section. Many US domestic carriers have [redacted] such services for several [redacted] on internal flights.

[redacted] are expected [redacted] follow Virgin's [redacted] with [redacted] installation of in-flight video entertainment. In [redacted] to Airvision, in-flight systems [redacted] also under development [redacted] available from Sony-Transcom, Hughes-Avicom (which did have [redacted] joint venture development [redacted] Sony until Hughes bought Avicom) [redacted] Japanese electronics giant Matsushita.

Fashionable language becomes too trendy

The computer [redacted] thrives on fashion, and what could [redacted] more [redacted] than a fourth-generation language (4GL), [redacted] advanced [redacted] of programming technology, running [redacted] Unix?

Most observers [redacted] agree that the Unix bandwagon is unstoppable and is the operating system that looks [redacted] the international standard for mid-range computers. This in turn should bring powerful demand for software which makes it easier to [redacted] programs to run on Unix operating systems – 4GLs are just such software.

[redacted] hopes that [redacted] market for 4GLs on Unix could [redacted] a goldmine for software developers [redacted] dampened by [redacted] new report* from ButlerBloor, [redacted] information [redacted] consultancy which is gaining a reputation for [redacted] software insights.

It [redacted] that the [redacted] for these products is already fiercely competitive and that for [redacted] developers [redacted] principal problem will [redacted] survival rather than expansion.

The report [redacted] that demand is being depressed by the [redacted] sion worldwide, and that [redacted] for 4GLs, computer languages which make it [redacted] and quicker [redacted] write new programs, [redacted] becoming [redacted]

[redacted] by four separate developments in [redacted] which [redacted] combining [redacted] reduce [redacted] prospects for Unix 4GL developers:

- [redacted] which have developed 4GLs for other operating systems [redacted] moving them [redacted] Unix.
- 4GLs designed [redacted] run on personal computers [redacted] being [redacted] Unix.
- Computer-aided systems engineering (Case) products are starting [redacted] encroach on conventional 4GLs.
- [redacted] new magic bullet [redacted] programming world, object-orientated 4GLs, [redacted] starting [redacted] make [redacted] mark.

"The [redacted] of many of [redacted] factors [redacted] increasing rather than decreasing and putting a very definite squeeze on all the vendors," ButlerBloor says. "Software pricing is [redacted] hardware pricing [redacted] because Unix hardware is [redacted] expensive, so is software. This means that success in [redacted] Unix [redacted] not nearly [redacted] rewarding as success elsewhere".

It [redacted] good news for [redacted] ers, however. ButlerBloor [redacted] that [redacted] is a buyer's market and there should [redacted] little difficulty in extracting discounts from the vendors.

Who are [redacted] lucky vendors? Chiefly US companies [redacted] Unify, Focus and Informix. ButlerBloor reviews some 16 products in its report and says it would have preferred that no single product [redacted] stood out ahead of the competition. But, it concludes, Windows 4GL from Ask Ingres offers far more capability than any of [redacted] other products reviewed.

The caveat is that Windows 4GL is more [redacted] an object-orientated development environment than a straightforward 4GL, so comparisons are misleading. Among Case products, it recommends Powerhouse from Cognos.

The fly in [redacted] 4GL ointment is that most data processing establishments [redacted] hard pressed [redacted] keep up with yesterday's technology, let alone today's fashions.

Object-orientated products are a case in point. Object orientation is a software technol[redacted] which promises faster, [redacted] efficient programming but ButlerBloor complains: "Few IT departments understand [redacted] implications and ben[redacted] of object orientation and there is [redacted] understandable resistance [redacted] new technology."

Alan Cane

**4GLs on Unix. [redacted] Available from ButlerBloor on 0908 [redacted]*

Colourful calls on the cellular line

A WAY of transmitting full colour [redacted] to a [redacted] over [redacted] cellular [redacted] net[redacted] in [redacted] sec[redacted] now being promoted by [redacted] company [redacted] (Origin Technology in Busi[redacted] of Redhill, Surrey.

[redacted] technique is [redacted] on [redacted] process", which means that the transmitting PC [redacted] at the picture [redacted] identifies [redacted] images [redacted] in the system's memory. [redacted] are identified, [redacted] system [redacted] only [redacted] the for[redacted] represents [redacted] pattern, [redacted] the pattern [redacted] These [redacted] pressed for [redacted]

[redacted] receiving [redacted] special [redacted] to [redacted] the picture. However, [redacted] only [redacted] piece of memory, and so [redacted] be [redacted] along [redacted] picture itself for infrequent [redacted] the [redacted]

Polystyrene takes to the road

IT [redacted] not [redacted] that road construction [redacted] in [redacted] UK [redacted] sunglasses. [redacted] that [redacted] case for [redacted] working [redacted] on [redacted] span bridges, 0.6km [redacted] motorway and [redacted] on a site that was previously [redacted] ground.

The reason [redacted] that [redacted] tors [redacted] have opted [redacted] use expanded polystyrene [redacted] build an [redacted] over which [redacted] road [redacted] Expanded Polystyrene [redacted] tensile strength, [redacted] its compressive strength is high enough for [redacted]

Thirty-five [redacted] metres [redacted] the white material, supplied by [redacted] Sunde, of Norway, [redacted] being [redacted] Each block is wrapped in high density polyethylene [redacted] polyes[redacted] film sheet and tightly packed. The sheets [redacted] designed to prevent liquid petroleum products damaging the material.

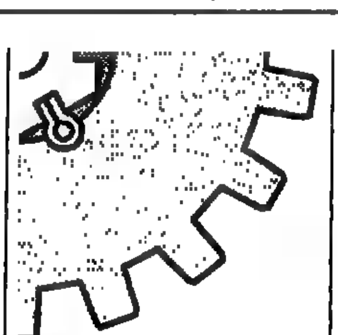
Liquid gas makes pollution dry up

A DANISH company [redacted] it [redacted] found a cheap and efficient way [redacted] reducing [redacted] pollution of Europe's cities by [redacted] buses [redacted] trucks, writes Hilary Barnes.

Alex Jensen, [redacted] Skibby [redacted] the island [redacted] Sjaelland, has developed [redacted] way [redacted] convert[redacted] engines to using liquified petroleum [redacted] per [redacted] propane, 30 [redacted] cent butane).

The result [redacted] the [redacted] a [redacted] drop in [redacted] of pollutants. Nitrogen oxide [redacted] cut [redacted] a [redacted] diesel motor, [redacted] are [redacted] and hydrocarbon and particle [redacted] elimi[redacted] entirely.

The [redacted] use [redacted] three-way [redacted] lytic converter [redacted] not require [redacted] modifications [redacted] the engine. [redacted] DKr60,000 [redacted] for [redacted] bus.



WORTH WATCHING

by Della Bradshaw

A package of chemical bonds

A TYPE of anti-static [redacted] anti[redacted] plastic packaging could find a home in applica[redacted] as [redacted] as [redacted] for musical [redacted] or packaging for computer chips.

Developed by AT&T's Bell Laboratories in the US, the "[redacted] polymer" [redacted] ture of conventional plastics and chemical additives which form chemical bonds.

Because the material [redacted] electricity away [redacted] its contents [redacted] ideal for packaging [redacted] electronic components. And because [redacted] with corrosive gases, preventing oxidation, [redacted] can be [redacted] in the filling for musical instrument [redacted] or packaging for museum artefacts.

AT&T [redacted] that the recyclable plastic will cost more than conventional materials but [redacted] plastic, which has to be painted or [redacted] to prevent conductivity or corrosion. [redacted] first customer will be AT&T's own microelectronics department [redacted] the technology will [redacted] by Baxter International, of Illinois, [redacted] packaging [redacted] equipment.

Immune system [redacted] paint

THE move towards [redacted] paints, [redacted] protect [redacted] environment, [redacted] not been without problems.

[redacted] from [redacted] styles [redacted] ings, now [redacted] paints [redacted] good [redacted] the [redacted] meal. The result [redacted] discolouring, [redacted] deterioration [redacted] the paint in the can.

To prevent this ICI Biocide, [redacted] Manchester, [redacted] developed a [redacted] mixed with [redacted] paints to prevent [redacted] The problem with [redacted] in [redacted] that they [redacted] solvents, to prevent them from freezing, [redacted] formaldehyde [redacted] – all of which [redacted] ICI's Promexal [redacted] a newly-synthesised compound from the isothiazolinone family [redacted] replace the [redacted]

Smartcase packs up its belongings

ANYONE [redacted] carried a laptop computer around [redacted] can [redacted] unwieldy and heavy. [redacted] need [redacted] brief[redacted] in [redacted] carry papers [redacted] other gadgets.

Harvel Medcom, [redacted] Strood, Kent, hopes [redacted] overcome the problem with the Smartcase, a specially-designed brief[redacted] keeps [redacted] IBM compatible machine and accoutrements secure while providing space [redacted] belongings. The datatray on which [redacted] laptop [redacted] secured can be adjusted to different angles. The whole package weighs 10 [redacted]

The Twinhead [redacted] has 40 Mbytes [redacted] hard disc, and [redacted] facsimile modem. It comes complete with database management [redacted] word processing software, among others, but [redacted] run any [redacted] program or can [redacted] tailored to run Unix [redacted] back in the office, [redacted] machine can [redacted] plugged into the [redacted] area network, [redacted] can transfer data with office machines.

[redacted] UK, [redacted] 928 4977. Alex Jensen: Denmark, 42 32 85 [redacted] AT&T: US, 908 771 [redacted] Baxter Healthcare, US, 805 253 7565. ICI: UK, 061 721 [redacted] Harvel [redacted] UK, 0634 720035.

ARTS

Kafka's Dick

ETCETERA THEATRE

Kafka's Dick, as those who saw its 1986 premiere at the Royal Court will remember, is a dig at the earnest legions of literary biographers by that least earnest of writers, Alan Bennett. If Bennettesque is not yet in the dictionary (alongside Kafkaesque and Proustian), it can only be a matter of time. From his cracking metaphysical farce, *Habeas Corpus*, to his fine television monologues, *Talking Heads*, the voice is there: frivolity, intelligence and empathy, often in unexpected combination.

In this work, he sets a haunting picture of self-loathing genius within the framework of its historical enshrinement. In a surreal fantasy, Kafka is dragged back from the grave to confront the friend, Max Brod, who disobeyed his orders to burn his books, thus ensuring him a place in world literature. "Always there has been just one question," says Brod. "Why did *you* not burn the papers?" Wrong. Far more interesting, to Bennett's needling mind, is: did Kafka really want his work burned? To what extent is the self-hatred of the man extricable from the ego of the writer?

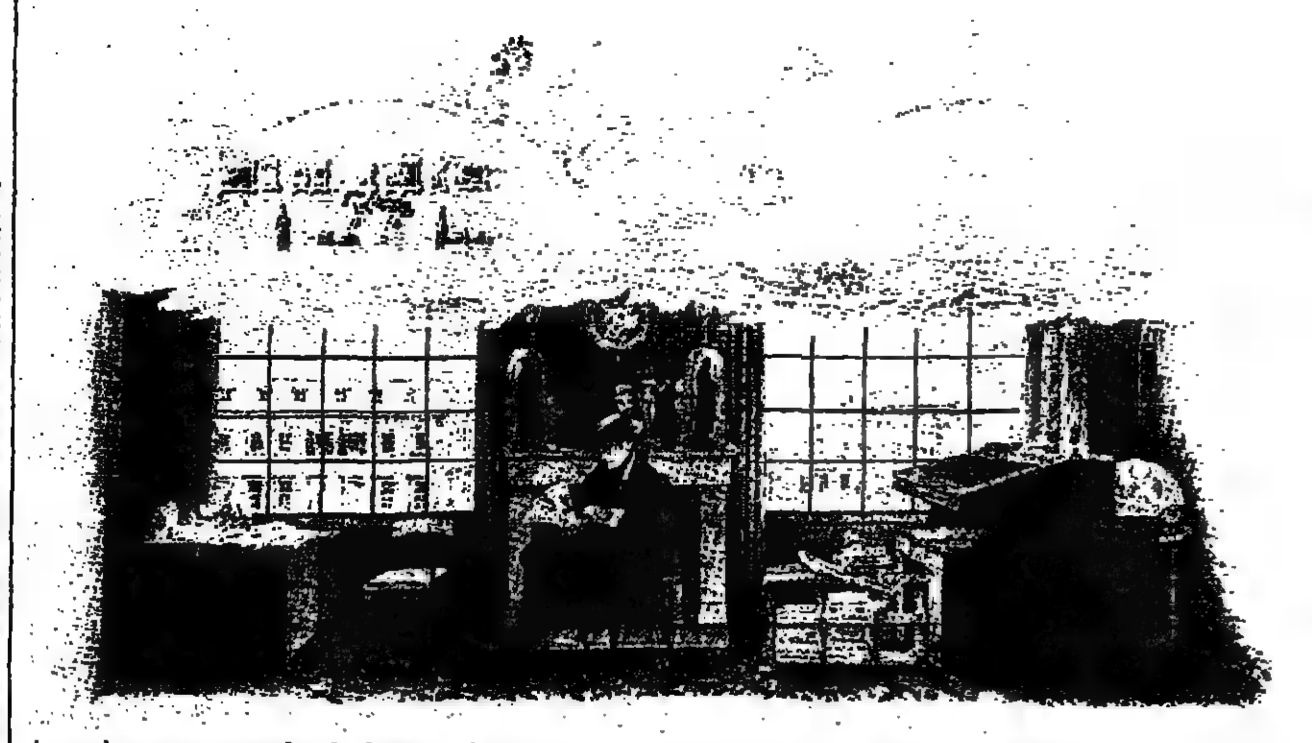
This rather lumpen revival at Camden Town's Etcetera Theatre makes one revealing point, by bringing the play back in revised form. The principal amendment Bennett has made is to cut Kafka's mother from the second act, which makes sense structurally and logistically. The redistribution of the dialogue puts no strain on the logic of the piece, but places a strong ironic emphasis on the frequently made point that women have no place in history.

In the original production, both Bennett's women – the biography-freak's wife and the writer's mother – held precisely the same position of ingenuous ignorance, as if Bennett was at a loss as to how else to represent them.

His Freudian analysis of Kafka is revealed as venturing no further than his relationship with his father, a overbearing bully, originally played by Jim Broadbent, but here rendered by Hugh Coleridge as a pinch-faced inquisitorial sadist who benefits from a physical resemblance to Peter Hampson's clerk-like Kafka.

Director Gabrielle Dawes holds the play on a furious monotone, drawing one good performance from Nicholas Blatt as Sidney, excitable collector of literary tittle-tattle, but losing the imaginative sleight of hand needed to support the preposterous exuberance of Bennett's vision.

Claire Armitstead



A part-dreamscape watercolour by Schinkel, who gave it to his friend Peter Beuth, the subject of the painting

At last, a spotlight on Schinkel

This past week I have conducted a poll, murmuring to friends that Britain is having its first Schinkel exhibition. Almost to a man/woman, my sample has replied, "who?" Not one biography of Schinkel exists in English. Here, if ever, is the proof that for most of this century, our cultural awareness of pre-20th century Germany – always excepting in the sphere of music – has been spread woefully thin.

Yet Karl Friedrich Schinkel (1781-1841) was a lighthouse of a man, whose inspiration still shines strong in our times, and may yet grow stronger. Architect, designer and painter, Schinkel was staggeringly productive. He was modest and charming, a lifelong civil servant who worked himself to death in the service of the emergent Prussian state. Now, at last, we meet this inspirational figure on British soil: through Karl Friedrich Schinkel: A Universal Man, at London's Victoria and Albert Museum (until October 27), with a well-written catalogue, edited by Michael Snodin (Yale; 218pp.); and through a modest exhibition at the Goethe Institute (071-581-3344) on Schinkel's travels in England, Scotland, and Wales in 1826.

The *FT* marks the occasion with a double review: in Monday's paper, Colin Amery expressed his admiration for [illegible] V&A exhibition. Its strongly pink walls gave him a minor twinge, but I had thought it rather a good choice. It [illegible] the glow of late afternoon which [illegible] the paintings of Schinkel's younger contemporaries, Carl Daniel Freydanck, Eduard Gaertner, and Wilhelm Barth. Their vistas leave one with a delightful impression of golden days spent in Berlin and Potsdam, strolling through the public spaces of a city transformed by Schinkel's classical vision, or taking tea in those exquisite yet modest residences, built for young royals strong on taste but short of cash.

Colin Amery's idea of heaven, he confesses, would be the job of court gardener at Charlottenhof. There he would tend the English gardens, and of an evening, sit on the terrace of the gardener's Italianate, lobbing bread to the swans. It is worth pointing out that the villa on the River Havel was not purely Schinkel's creation, but also drew on the ideas of his talented patron and pupil, Crown Prince Friedrich Wilhelm (IV). I wish the exhibition could have acknowledged more generously the vital role in Schinkel's mature career played by this prince, "the romantic at odds with his age", an architect manqué who dreamed of creating Utopian villages in Prussia's lugubrious wastes.

My dream is more immodest. I would be châtelaine of Schloss Orianda, set high among the pines on the Black Sea coast. This fabulous pleasure palace was one of Schinkel's last projects. Designed in 1838 for the prince's sister, the Empress of Russia, it was never built. What an extraordinary place it would have been! Schinkel's grand watercolours show how he would have half-hidden this massive Grecian palace among the forest. In its inner parts, beside the temple, he would have created a garden. [illegible] the [illegible] fusion of ancient cultures, west and east, a place of solemn, rather gloomy beauty.

The real pity of the V&A show is that it should be so small, relative to Schinkel's stature. For example, the other fabulous project, for a palace for the German King Otto on [illegible] Acropolis, [illegible] not feature, even though it makes such a wonderful pair to the Orianda project. There is such a huge fuss about building the new museum on the Acropolis that it would have been amusing to [illegible] Schinkel's palace which, to quote David Watkin, "managed to make the Parthenon look like a garden ornament!".

Schinkel's drawings and watercolours [illegible] appealing, so lucid, and his control [illegible] so miraculous, that this was a case when twice as much would have been twice as good. Schinkel – who designed the Iron Cross – was recognised in his own day as a first-class Prussian national hero, but he [illegible] really [illegible] in that light. Nor is there any attempt to deal with his *Nachleben*, either in the last century or, more dubiously, in this.

And yet, [illegible] Schinkel is more alive than ever, with a project for rebuilding the Bauakademie in Berlin. Of course, we are grateful for this exhibition, which was largely planned before reunification. But is it going to be the last word? I wonder if our pantheon of Great Europeans can ever be extended unless a Schinkel receives the "block-buster" treatment hitherto reserved for the safe figures, a Titian, a Van Gogh, a Rembrandt.

The Goethe Institute's exhibition is small, but it shows rather more of Schinkel's personality. In 2½ months in 1826, Schinkel and his friend and guide Peter Beuth, head of the Prussian equivalent of the DTI, travelled around Britain. Their energy was prodigious, taking them from Bath to "the Ossianic isles" (as Schinkel thought of the Scottish islands) via a host of manufacturing towns where Beuth engaged in genteel industrial espionage.

Schinkel wrote his journal every morning, without fail. He liked almost everything, although modern English civic statuary he found *schrecklich*, and occasional incidents with drunks rather shocked him.

The journal pages are crammed with sketched details, of cast-iron construction, foundries and factory chimneys which he likened to pyramids and obelisks. A humane man, he worried about the miles of dreary red housing put up for the workers of Manchester. Otherwise, he liked almost everything he found here, and commented on the neatness of the countryside, the [illegible] food, and the [illegible] and villages of the south-east, "superbly [illegible], pleasant and clean."

In his formal sketches, we see how brilliant Schinkel was at vistas of immense grandeur in which the individual monuments – Thomas Telford's bridges, or ruined Scottish [illegible] – are always related to their [illegible]. Looking [illegible] eyes is an [illegible] Theodor Fontane said [illegible] painted like an architect and built like a painter." No one interested in either art or architecture should miss their meeting with Schinkel.

Patricia Morison

Violetta as Pretty Woman

NEW YORK

The [illegible] York City Opera's [illegible] productions – of *La Traviata* and of *Cavalleria rusticana* and *Pagliacci* – followed the fashion for altered epoch and setting. Violetta was a contemporary call girl, a "professional escort," a Pretty Woman. The producer, Nicholas Muni, introduced just about [illegible] contemporary cliché: [illegible] glasses, [illegible] mackintoshes, televisions, bare [illegible] bulbs, cordless telephone, undressing, copulation; only [illegible] almost-obligatory wheelchair was missing. Meanwhile [illegible] words [illegible] told [illegible] transport by [illegible] and [illegible] riage; and [illegible] currency [illegible] still louis.

Muni heads the Tulsa Opera, and this *Traviata* came to New York from Tulsa. He is – as I tried to suggest in an account [illegible] the *Ariadne* that he staged in [illegible] summer – a diligent, complicated, and arresting thinker about old [illegible] and what they might mean to a modern audience. In [illegible] he was [illegible] merely [illegible] but, rather, [illegible] testing to breaking-point – and beyond – the standard modern methods of "revivifying" the old repertory.

The prelude, of course, was staged, but not in the by-now-traditional manner that leads to a flashback. Violetta nervously checked her make-up; toward the close Baron Douphol entered with Gastone ("her manager") and handed him a wad of bills to secure the hostess's after-the-party services. During "Addio del passato" the baron waited patiently upstage until, reassured by her "I'll pursue the life of pleasure", he came forward and began, eye-catchingly, to [illegible].

In Act 2, Alfredo's rapt "De' miei bollenti spiriti" [illegible] casual after-tennis chat [illegible] his partner, [illegible] in [illegible] pavilion [illegible] pool. At Flora's (coke-sniffing, etc) party, Muni boldly invited us to compare his version with what [illegible] traditionally see: [illegible] portrait of Maria Callas, [illegible] great postwar Violetta, on the wall; and on Flora's giant television screens the same scene, in the Moffo-[illegible] film, [illegible] in [illegible]. The finale [illegible] comedy, [illegible] drew a gun on [illegible] then pointed it [illegible] person whose voice [illegible].

It didn't work. It killed [illegible]. There were many laughs. "This [illegible] all [illegible] fun, isn't it?" [illegible] the main reaction [illegible] who liked it. Fifty [illegible] Newman declared that the world needed a new *Traviata*, freshly created by a dramatist and composer of genius, [illegible] mid-19th-century operatic convention – even though the old *Traviata*, he admitted, "is still very much alive." Muni – whether this was his intention or not – provided a demonstration that the opera needs to be accepted [illegible] performed on its [illegible] terms and is diminished by a staging that makes the high rhetoric of its text and the formal, conventional structure of the music (with its repetitions, cadenzas, double [illegible] rather ridiculous.

Sharon Wells, the Violetta, was a gleaming, gripping actress who gave meaning to everything that she said. But – this [illegible] – she [illegible] often out of tune. And [illegible] the Alfredo, Martin Thompson, [illegible] good-looking young stick with a decent tenor voice, [illegible] no [illegible]. And neither of them commanded what might be called "Verdi style" – [illegible] knowledge of how [illegible] eloquently, most communicatively, to time, weight, slur, inflect the phrases. Gaetan La Perrière, the Germont, went the [illegible]; he seemed so much concerned with his singing that no character emerged. The conductor was Guido Ajmone-Marsan, neither here nor there. He knows how the piece [illegible] inspired no refined playing from the [illegible].

Muni entertained people [illegible] have seen [illegible] *Traviata* often and were now amused by the ingenious new twists. In Act 2, Flora's invitation arrived by telephone and Giuseppe with his "Per voi" handed the receiver to Violetta. In the duet, her touching "Embrace me as *daughter*" emerged now as a reproof to Germont's (gratuitous) mimed suggestion that one way [illegible] breaking up the affair with Alfredo would be for her to become *his* mistress. Muni had evidently aimed at more than a "fun" *Traviata* but he did not achieve it. He gave us lots to think about but little to [illegible]. After [illegible] *Ariadne* and now this *Traviata*, I suspect that he thinks too much, and too intricately, about librettos and dramaturgy and [illegible] react, [illegible] straightforward, direct [illegible] strong, plain [illegible] of the music.

Andrew Porter

BBC Scottish Symphony Orchestra

ROYAL ALBERT HALL/RADIO 3

At the Proms, a piece of unfamiliar new music is unlikely to decimate audience figures, if it looks brief enough. [illegible] Wednesday Xenakis's 15-minute *Shaar* (1982) was first on [illegible], where people [illegible] avoid it, so the hall was almost as full as it had been for a twin concert the night before.

The BBC seems to like introducing its regional orchestras at the Proms with concerts in pairs. The BBC Philharmonic and the BBC Welsh each took two nights in the opening fortnight and this week they were followed by their counterparts in the BBC Scottish SO. The orchestra looked good, gentlemen in white jackets, ladies in royal blue; and by the close of the second concert their playing should have won a few friends, too.

Their Xenakis involved the strings alone. This is a closely-argued piece [illegible] its effects with dense textures [illegible] activity, apparently [illegible] at first, though [illegible] music [illegible] in coherence [illegible]. The analogy [illegible] people, [illegible] by [illegible] programme-note, seemed to me very apt, a [illegible] of bustling individuals, perhaps in [illegible] Jewish [illegible] place, [illegible] link with [illegible] geographical origin of the title (Shaar [illegible] "gate" in Hebrew).

Jerzy Maksymiuk [illegible] been [illegible] Principal [illegible]ductor since [illegible] and [illegible] clearly formed a close working relationship with it. The performances of standard classics on each evening had an individual cut of the kind one would expect from musicians well primed in each others' ways. At the first Prom their Beethoven, the Seventh Symphony skipping along lig[illegible] with dance in [illegible] toes, [illegible] especially enjoyable.

If Stravinsky's *Petrushka* the next night did not take off in quite the same way, [illegible] was because Maksymiuk felt the need to keep a firm grip on [illegible] the orchestra was doing. The playing [illegible] well drilled, though. The rhythmical skeleton of the music moved [illegible] decisive step and it would not [illegible] much more to flesh it out [illegible] full range of Stravinsky's brilliant colours.

There were two concertos. [illegible] Tuesday [illegible] Concerto, an important work, which on record convinces the [illegible] that [illegible] getting [illegible] with difficult musical arguments. Such impressions are subjective, of course, but the performance [illegible] did not [illegible] attention with that sort of intensity. The Albert Hall softens abrasive sounds, dulls bright ones; and the soloist, Robert Cohen, impressed more with his [illegible]cal imagination than by force of personality, as Rostropovich did. Nevertheless, much of the slower music in his hands was hauntingly beautiful.

Dvořák's Violin Concerto does not involve any comparable intellectual effort. Tasmin Little, on Wednesday, played it with supreme confidence, without [illegible] affectation [illegible] in its [illegible] music, just lively, fresh music-making. And the audience had the reward it had been waiting for after the Xenakis: some good tunes.

Richard Fairman

Angels Still Falling

BOULEVARD THEATRE

[illegible] since Horace Greeley advised it and Bob Dylan [illegible] his kicks doing it, young [illegible] heading West. In [illegible] Jack Kerouac, [illegible] with an Ivy League education still clinging [illegible] him, [illegible] *The Road*. The book shaped a generation, created "beat", and put Kerouac's life so far out of joint that he never recovered.

Angels Still Falling, at the Boulevard Theatre, presents Kerouac according to Richard Deakin. Kerouac's struggle to write is an exhilarating breeze westward, full of energy and [illegible] but his subsequent decline into drunkenness is a painful and tedious vigil.

Kerouac is a compelling subject, and the repair work needed after the 1979 bio-film *Heart Beat* is overdue. Apart from the three-cornered match between author, bottle and typewriter, Kerouac's life featured a *ménage à trois* with his wild friend Neal Cassady and wife, and triangular rows with his Catholic mother and his Jewish girlfriend.

Deakin dispenses with plot, choosing to show Kerouac in a [illegible] and [illegible]. The play [illegible] the [illegible] lived with Kerouac, Cassady and Allen Ginsberg. It rightly presents Kerouac as the soul of America, [illegible] influential than the fluffy [illegible] which [illegible]llowed. It also recognises that the [illegible] style – "spontaneous bop prosody" – is closer to jazz than to any literary forbear and so ranks Kerouac with 1950s essentials Coltrane, Davis, Holiday and Young.

[illegible] Henderson [illegible] William Marsh as [illegible] Cassady are wonderful: sharp, sassy, quick and slick. Their rapport carries the play, and they are essential to some of the best driving scenes one can picture on stage. Henderson has to search for the dutiful son, distrait lover and terminal dipsomaniac in Kerouac: he finds them all. Marsh plays Cassady – with boundless nervous energy – as the real fanatic hooked on life who leaves the writing to Jack: "Smoke some of that, man, and you'll be writing *Son of Moby Dick*."

The [illegible] retro-repro false perspective set, vulgarly lit. It should go. [illegible] and guitar [illegible] setting, although the road songs could be shorter and still be good enough.

Despite its practical faults, *Angels Still Falling* uncovers the Kerouac of *On The Road* and *Desolation Angels*. When he died in 1969, aged 47, Kerouac had started a revolution both radical in being classless and conventional in being all-American. Kerouac knew that heading West was a state of [illegible] rather than a statement of place. His life proves that to be everywhere is to be nowhere.

Andrew St George

Maurice MacGonigal

DUBLIN

The 1991 European City of Culture programme continues apace. At the Hugh Lane Municipal Gallery of Modern Art until August 25 is a survey of Maurice MacGonigal [illegible] who took an active [illegible] in the [illegible] of Independence and became President of the Royal Hibernian Academy.

His nationalism [illegible] him [illegible] an identifiably Irish school of painting – an aim now out of touch with the received view that any worthwhile statement in art must be universal. But the Easter Uprising of 1916 gave MacGonigal purpose and inspiration. His work for the Irish Revolutionary Army got him arrested and interned in 1920. But even after resigning from the IRA in 1922, we see him in Prisoners on the Roof, Kilmainham, still preoccupied with the cause. The patriot and zealot is evident too in The Irish Captain (1933) and Dockers (1934) – which for all their competence are uncomfortably close to the Socialist Realist and propagan[illegible] art that [illegible] parts [illegible] Europe and [illegible] US. Just [illegible] Orpen's talents were [illegible] down by a glitzy finish, so the impact of MacGonigal's work is [illegible] by his romantic touch. The burial in 1979 of MacGonigal togeth[illegible] with the [illegible] once [illegible] by Orpen closed a respectable but undynamic period of Irish art.

Robin Duthy

INTERNATIONAL ARTS GUIDE

EXHIBITIONS

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AMSTERDAM

Rijksmuseum Indian Miniatures from Paris: 100 pieces from the Fondation Custodia collection, illustrating Mogul histories and Hindu epics from 16th to 19th centuries. [illegible] Court Gems from India, including a relief in alabaster showing a portrait of the [illegible] Mogul Shah Jahan. Ends Sep 22. Closed Mon

Van Gogh Museum Japan: Van Gogh's Utopia, examining the influences of Japanese prints and [illegible] on the life and work of Van Gogh. Ends Sep 22. Daily

BASLE

Kunstmuseum [illegible] Drawings 1800-1850: a selection [illegible] the best work of the period, in which [illegible] artists we[illegible] searching [illegible] own path [illegible] the Romantic school in Paris and the circle [illegible] German artists in Rome. Ends Oct 27. Closed Mon

BERLIN

Schloss Charlottenburg Imperial Art from the Dutch Exile [illegible] Kaiser Willem II: paintings, sculpture and artefacts, including [illegible] and furniture from the time of Frederick the Great. Ends Sep 29. Closed Mon

Schloss Kopenick [illegible] porcelain: a [illegible] by one [illegible] leading early 20th century [illegible] porcelain manufacturers, tracing developments [illegible] design from Jugendstil to [illegible] Ends [illegible] 5. [illegible]

CHICAGO

Art [illegible] Degenerate [illegible] The [illegible] Germany, featuring [illegible] held up [illegible] public mockery in [illegible] later won recognition as masters [illegible] their realm. This is a widely acclaimed exhibition originally mounted by the Los Angeles County Museum. Ends Sep 8. Ends Sep [illegible] Daily

DIJON

Musée des Beaux-Arts Matisse: Masterworks from Ni[illegible] exhibition including many of his best-known paintings, drawings and sculpture, on loan from the permanent collection in the town where the French painter found much of his inspiration. Ends [illegible] 6. Closed Tues

DUSSELDORF

Kunstmuseum Walter Ophey (1882-1930): exhibition of 180 paintings and drawings by a long-neglected German artist who was [illegible] with the early 20th century avant-garde. Ends Sep 1. [illegible] Mon

EDINBURGH

National Gallery [illegible] Scotland Saved for Scotland, a group of paintings and objets d'art acquired for [illegible] public collections [illegible] help of [illegible] National [illegible] Collections Fund. [illegible] represented include Velazquez, [illegible] Van Gogh, El [illegible] William Blake, plus Italian maiolica, Venetian glass and sculpture by Bernini and Barlach. Ends [illegible] Daily

[illegible] Academy [illegible] and [illegible] Sculpture [illegible] Scotland 1540-1990, tracing developments [illegible] early days of court patronage to the strong [illegible] present. Ends Sep 15. Daily

Scottish National Gallery of [illegible] Ayers [illegible] Landscapes, including nine spectacular paintings resulting [illegible], plus [illegible] group of [illegible] landscapes. [illegible] Sep 29. Daily

FLORENCE

[illegible] Gentileschi (1597-1651/3), [illegible] Caravaggio and possibly [illegible] most famous woman artist of all time. The exhibition includes 30 paintings from Italian and foreign museums, together [illegible] several masterpieces by her father Orazio. Ends Nov 4. Closed Tues

[illegible] Nazionale [illegible] Bargello The [illegible] Calliope's Writing [illegible] collection [illegible] bronze and marble [illegible] built up by Cosimo I de' Medici [illegible] 1574, and [illegible] in [illegible] Scrittolo di Calliope, a small [illegible] used to guard the Grand Duke's most precious belongings. The collection has survived almost intact, [illegible] is one of [illegible] most important of its kind. Ends Aug 25. Closed Mon

GLASGOW

Hunterian Art Gallery The Nude: five centuries of drawings, watercolours and prints from the Hunterian's collection, including work by Dürer, Rembrandt, [illegible] and Epstein. Ends [illegible] Sun

LONDON

[illegible] Academy The [illegible] Landscape: [illegible] Dérain, Braque [illegible] Their Circle [illegible] 75 paintings showing how [illegible] vibrant colour to [illegible] their subjective and [illegible] to landscape. Ends Sep 1. Daily

[illegible] Gallery John Constable: largest-ever survey of the English [illegible] work. Ends [illegible] Daily

[illegible] and Albert Museum [illegible] A Universal [illegible] an [illegible] one of the greatest and [illegible] influential [illegible] of the 19th century. It includes paintings, architectural drawings, furniture, sculpture [illegible] silver from [illegible] in Berlin. Ends [illegible] Oct [illegible] Wish You Were Here: The Printed Seaside, a collection of traditional and contemporary sea[illegible] Ends Sep 1. Daily

LUGANO

Villa Favorita Magnificent Switzerland: [illegible] by Foreign Artists, including 80 oils [illegible] by major European [illegible] of the 18th and [illegible] centuries, such as Turner, Corot, Bierstadt, Delacroix and John Singer Sargent. Most of [illegible] paintings are Alpine landscapes and city views, but there is also a section devoted to important personalities [illegible] the period, including R[illegible]. Ends Oct 31. Closed Mon

MARTIGNY

Fondation Gianadda Ferdinand Hodler: Painter of Swiss History, including some of the large-scale [illegible] and mythological works which [illegible] as a leading [illegible] painter of the [illegible] century. Ends Oct 20. [illegible]

MILAN

Palazzo [illegible] Filippo de Pisis (1896-1956): an exhibition, [illegible] primarily [illegible] private collections, of paintings by [illegible] Italian [illegible] style on the fluent, quasi-Impressionist brushwork of [illegible] Guardi. Ends [illegible] 13. Daily

MUNICH

Kunsthalle [illegible] Hypo-Kulturstiftung Thought [illegible] Contemporary [illegible] and paintings by 50 internationally-recognised [illegible] including Donald Judd, Frank Stella and [illegible] Nauman. Ends Sep 8. Daily

NEW YORK

Metropolitan [illegible] of Art Masterpieces [illegible] Impressionism [illegible] Post-Impressionism, including works by Gauguin, Cézanne, Van Gogh, Renoir and Degas. Ends [illegible] 13. [illegible] The Art [illegible] Paul Manship: retrospective of one of America's foremost sculptors. Ends Sep 1. Closed Mon

Museum of Modern Art Lee [illegible] A [illegible] of 50 photographs [illegible] ranging from intimate portraits to [illegible] figure [illegible] Ends Oct 8. [illegible] Ad Reinhardt (1913-67): the first full-scale retrospective of the American artist, known for his austere abstract style. Ends Sep 2. Closed Wed

Whitney Museum [illegible] American Art Hunt Diederich: figurative sculpture and drawings by a long-neglected early [illegible] century artist. Ends Sep [illegible] Also [illegible] Baldessari: retrospective of 22 years of work by a pioneer of conceptual art. [illegible] American [illegible] in American Art: the 20th century American experience [illegible] seen in paintings and sculptures from [illegible] permanent collection. Ends [illegible] 10. Closed [illegible]

NIMES

[illegible] d'Art Contemporain Miquel [illegible] 50 paintings and 26 drawings by [illegible] of Spain's leading younger-generation [illegible] Ends [illegible] 30. Daily

[illegible]

[illegible] Georges Pompidou [illegible] Breton (1896-1966): [illegible] one of [illegible] leading [illegible] of Surrealism. Ends Aug [illegible] Tues

Jeu [illegible] [illegible] Dubuffet: The [illegible] The [illegible] former temple of Impressionism inaugurates its new role as a national gallery [illegible] contemporary [illegible] exhibition devoted to [illegible] founder of art brut. Ends Sep 22. Daily

Trianon de Bagatelle Impressionism in Romania: the influence of French art on four Romanian painters between 1865 and 1920. Ends Sep 8. Daily

[illegible] Marmottan Important collection of paintings by Monet and his friends, including 'Impression-Soleil levant', from which the Impressionist movement took [illegible] name. Closed Mon

[illegible] available at all metro stations and museums, to avoid queuing [illegible] 60 museums including the Louvre, [illegible] d'Orsay [illegible]

PRAGUE

[illegible] of St Agnes [illegible] Bohemia Centenary reconstruction of the jubilee exhibition [illegible] 1891. Ends Oct 6. Closed Mon

Convent of St George Ancient [illegible] art from [illegible] National Gallery collection. Ends Sep 15. Closed Mon

[illegible] Goya: exhibition [illegible] drawings. Ends Sep 1. [illegible] Mon

ROME

Accademia Valentino Valentino: Thirty [illegible] of Magic. 300 [illegible] 1990 [illegible] their original [illegible] The intelligent [illegible] designer [illegible] in [illegible] wealth of sources - William [illegible] wallpaper, [illegible] pottery, Bronzino portraits and Tiffany lamps. Ends Nov [illegible] Daily

TOKYO

National [illegible] for [illegible] Art Martin Schongauer and [illegible] Art [illegible] Copperplate Engraving: an extensive exhibition of engravings, predominantly on religious themes, on loan from the [illegible] state collection. The exhibition marks th[illegible] 500th anniversary of the death of Schongauer, the first great engraver of German art, and [illegible] work by [illegible] his contemporaries and followers. Ends Aug 18

Sezon Museum of Art Masterpieces of the Guggenheim Collection: more than [illegible] paintings and sculptures representing [illegible] main [illegible] in 20th century art, including work [illegible] Picasso, Matisse, Klee, Kandinsky, Miro and Modigliani. Ends Sep 1

VIENNA

Albertina Austrian Watercolours of [illegible] 19th Century: 70 [illegible] documenting the achievements [illegible] Austrian painters [illegible] the [illegible] of Jugendstil and the Sezessionen. Ends Sep 1. Closed Sun

Kunsthistorisches Museum Gold from the Kremlin: [illegible] from [illegible] of [illegible] Tsars, many never previously seen outside Moscow, including [illegible] gold crown [illegible] Peter the Great. Ends Sep 1. [illegible] Mon

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Friday August 9 1991

Cleaning the Tokyo stables

[redacted] Setsuya Tabuchi, the ex-chairman of Nomura Securities, and Mr Ichiro Isoda, the former chairman [redacted] Sumitomo Bank, head the [redacted] of distinguished Japanese financiers who have been forced [redacted] resign in [redacted] past year because of scandal. They might be followed before the month [redacted] by Mr Ryutaro Hashimoto, [redacted] finance minister.

But such resignations give the [redacted] of action rather than the reality. [redacted] is needed, instead, [redacted] far-reaching reform.

The [redacted] the incidents [redacted] itself suggests that tinkering with existing rules will not be enough. Stockbrokers have [redacted] caught paying [redacted] compensation to favoured cli[redacted] as [redacted] as dealing with gangsters and stock-cornering. [redacted] great lengths to satisfy borrowers and [redacted] ministry's [redacted] property lending.

The ministry of finance deserves credit for proposing [redacted] designed [redacted] stamp out specific practices: stock[redacted] compensation [redacted] banned by law; [redacted] probably [redacted] entrusting discretionary funds [redacted] to man[redacted]. There [redacted] plans [redacted] step up supervision [redacted] property [redacted].

But [redacted] of [redacted] enough. Despite [redacted] tion, Japanese financial markets are [redacted] by close and [redacted] links between [redacted] and [redacted] band and their important clients on [redacted] other. The finance ministry has [redacted] encourage competition, by admitting foreign [redacted] panies [redacted] market, for example. [redacted] nothing that it has done so far [redacted] seriously undermined the understandable belief that Tokyo's mar[redacted] are run for the [redacted] of insiders.

Reflex [redacted]

The reflex [redacted] of many of [redacted] ministry's critics has [redacted] call for [redacted] establishment [redacted] a Japanese version of the US Securities [redacted] Exchange Commission.

This [redacted] not [redacted] best way forward. The ministry itself vehemently rejects [redacted] idea for fear of losing influence. So the work of an SEC-t[redacted] body would be greatly hampered by constant [redacted] with the ministry. A Japanese SEC might [redacted] little more than a totem for placating foreign critics.

It might be [redacted] (or [redacted] no worse) [redacted] follow [redacted] ministry's [redacted] advice and establish [redacted] new inspectorate [redacted] the ministry, empowered [redacted] look into both banks and [redacted] companies. However, it will not be enough simply to group together the existing teams of inspectors. Their [redacted]ers will [redacted] need [redacted] increased [redacted] allow them to search for documents and summon [redacted] for questioning just [redacted] and public prosecutor's [redacted] can. Also, the new inspectorate will require [redacted] big budget increase: the SEC employs 2,200 people, the ministry's [redacted] bureau only 130.

Principal aim

It is also time to codify many [redacted] of the ministry's [redacted] – [redacted] enshrine [redacted] more impor[redacted] in law. [redacted] ministry [redacted] much of [redacted] work through writ[redacted] or oral instructions [redacted] out individually to companies. There are regulations for everything, [redacted] branch sign. The [redacted]tem has the merit of flexibility. But it [redacted] transparency. For example, the ministry [redacted] known about compensation payments [redacted] times quietly [redacted] companies against making [redacted]. But the strictness [redacted] from [redacted] and [redacted] no [redacted] penalties. So [redacted] impression [redacted] given [redacted] the ministry [redacted] turning [redacted] blind [redacted] practice.

[redacted] important [redacted] all, [redacted] finance ministry [redacted] fundamental role. The principal [redacted] of Japanese policy [redacted] postwar [redacted] rapid economic development. [redacted] policy [redacted] the financial [redacted] has been [redacted] plentiful [redacted] cheap long-term capital for Japanese business. A principal consequence [redacted] sion of competition among financial institutions, [redacted] detriment of the individual investor.

Now that the J[redacted] economy is one of the world's richest [redacted] approach is unnecessary; and now that Japanese financial markets [redacted] among [redacted] world's [redacted] important, it is [redacted] unacceptable. It is time for [redacted] ministry to stand back and allow companies to compete [redacted] freely with each other – including allowing banks into the securities industry and b[redacted] into banking. This does not have to [redacted] done in [redacted] fell swoop. It [redacted] ress steadily in the Japanese way. But the lesson of the scandals is that investors need protecting from financial companies, not financial [redacted] nies from competition for the favour of private investors.

Small business champions

LESS THAN a year after Britain's chambers of [redacted] launched an ambitious programme to beef up their network they have begun [redacted] question whether this will be enough. Some [redacted] asking whether the chambers should not [redacted] given [redacted] that many of their continental European counterparts enjoy.

The precise legal [redacted] the chambers may appear arcane, but [redacted] have impor[redacted] implications for the effectiveness of Britain's business support network in the [redacted].

The options for [redacted] chambers are summed up in a discussion [redacted] which has been circulated by the Association of British Chambers of Com[redacted] members.

The three main options are: a continuation of the status quo, whereby companies only join their local chamber [redacted] they [redacted] it [redacted] anything [redacted] offer; full public law status, requiring all businesses to be members of their [redacted] chamber and permitting the chambers [redacted] charge membership dues; or official recognition, which stops short [redacted] full public law [redacted].

Under [redacted] option all businesses employing five or more people would [redacted] required [redacted] file company information with [redacted] chamber, paying [redacted] small [redacted] for [redacted] privilege, [redacted] they would not be obliged [redacted] become members.

Bureaucratic dangers

The present campaign to improve chamber standards [redacted] based on retention of their present [redacted]. But this could mean that they will remain under-resourced and of varying quality throughout [redacted] country. Full public law status would mean access [redacted] funding (through higher [redacted]bership revenues), but would bring [redacted] it the dangers [redacted] excessive bureaucracy. According [redacted] initial [redacted] soundings, these drawbacks [redacted] persuaded many chambers that official recognition, short of full public law status, [redacted] the [redacted] option.

Official backing would enable [redacted] chambers [redacted] a valuable business data-base, which would allow support services [redacted] be [redacted] accurately targetted. It would also permit the chambers to [redacted] as an official channel of communication [redacted] government and busi[redacted].

The ABCC [redacted] that [redacted] are real differences [redacted] recognition [redacted] public law status, [redacted] in the far higher level of fees which membership, as opposed to registration, would entail. But [redacted] outside [redacted] might [redacted] difficulty in making this distinction, and could regard both as ways of ensuring compulsory affiliation.

Defined relationship

[redacted] any [redacted] can be taken on the [redacted] of [redacted] chambers, their relationship with [redacted] Training and [redacted]prise Councils (Tecs) [redacted] more closely defined. [redacted] believes that the [redacted] should concentrate on training and helping start-ups, while the chambers' strengths [redacted] in information, export support and in lobbying [redacted] their members.

The central question [redacted] whether the [redacted] a role [redacted] play in the community that [redacted] some form of official status. The [redacted] B[redacted] Support programme, launched last October, appears [redacted] making good progress. Several large independent chambers have affiliated to the [redacted] and discussions [redacted] well advanced [redacted] the [redacted] of [redacted] core network of 55 large regional chambers.

But no convincing case [redacted] yet [redacted] for [redacted] granting of official status, and the impe[redacted] in this direction [redacted] coming more [redacted] the Association and [redacted] larger chambers than from small [redacted] themselves. [redacted] evidence [redacted] so far, the chambers should continue the [redacted] reform – but under their own [redacted].

K K Sharma assesses the impact of the radical economic reform measures set in motion by India's minority government

Promising start down a rocky road

One of the [redacted] fragile governments in India's history has, paradoxically, started [redacted] make [redacted] bold economic policy changes that not [redacted] Gandhi's ostensibly [redacted] administration [redacted] mid-1980s could risk.

The minority government of Prime Minister P V Narasimha [redacted] has realised that [redacted] widespread unwilling[redacted] to contemplate [redacted] election campaign has given it [redacted] opportunity for [redacted] action, while the danger of [redacted] default on India's [redacted] debt [redacted] provided [redacted] incontestable case for it.

Yet, [redacted] though [redacted] proposed reforms are [redacted] the [redacted] of [redacted] crisis, their [redacted] is [redacted] wider than [redacted] export promotion. They introduce [redacted] long-discussed and widely-desired, if still [redacted]ited, liberalisation [redacted] deregulation [redacted] India's [redacted].

[redacted] decisive, [redacted] by Indian [redacted] projected reduction [redacted] 2 [redacted] points in the budget deficit as a share of [redacted] product [redacted] not, by almost [redacted] standards. [redacted] less, the International Monetary Fund is likely soon to announce a loan to ease India's [redacted] payments crisis. The IMF's [redacted] India's importance [redacted] appreciation [redacted] policy [redacted] least as much as the stringency of the proposed [redacted].

Mr [redacted] Camdessus, [redacted] IMF managing director, has [redacted] reforms, "including [redacted] measures and the initiation of a [redacted] trading system. We [redacted] to continue supporting India's efforts to strengthen its balance of payments [redacted] and sustained growth."

But [redacted] what the government intends to do enough? Will it even be allowed [redacted] do [redacted] intends? These questions retain their force. Nevertheless, what has been done is significant. For that two pivotal figures must take the credit: Mr Rao and Dr Manmohan Singh, the new finance minister.

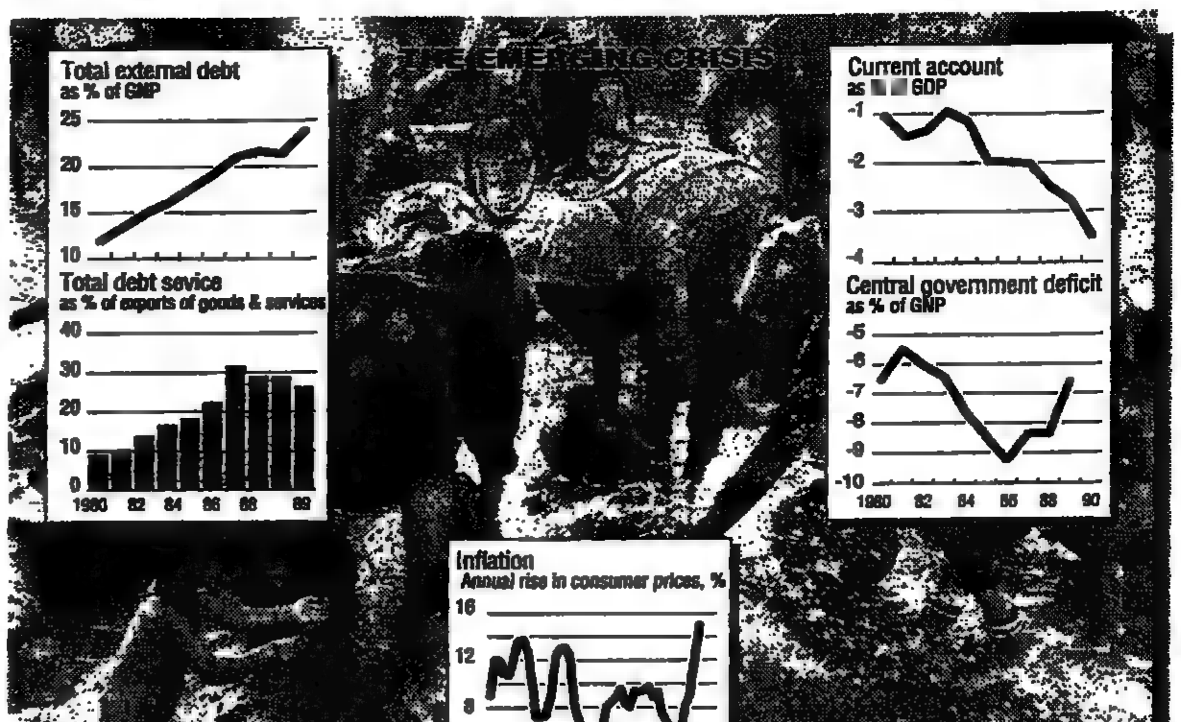
Of the two, Mr Rao has perhaps proved the more surprising. By giving Dr Singh the go-ahead, he has shown himself to be a far more astute political strategist than thought when he became the consensus prime minister of a minority Congress government nearly two months ago. Opposition parties can throw out the reforms only [redacted] the risk of toppling the government, [redacted] yet another election only two and a half months [redacted] Gandhi during the last.

The result is that the Indian government has moved at an unexpectedly rapid pace. If [redacted] reforms go through – and they could still founder if Mr Rao permits the factional quarrels within Congress and rumblings from the opposition [redacted] get out of hand – India will finally have moved to end its 50-year isolation.

"The government is committed to macroeconomic stabilisation and structural reforms which will unleash the nation's latent energy to bring about accelerated development," said Mr Singh. "The country has been living beyond its means and adopting soft options. It must prepare itself to take hard and unpleasant decisions."

The [redacted] secure [redacted] further IMF loan to shore up India's foreign exchange reserves, on top of the $1.9bn already in hand, has undoubtedly spurred the government into speedy action. [redacted] Dr Singh – [redacted] technocrat who has held almost every important official position [redacted] Indian [redacted] policy-making – is [redacted] being disingenuous [redacted] stating that the [redacted] in India's own inter[redacted]. He has conviction [redacted] him and [redacted] crisis behind him [redacted] acting [redacted]

- Sweep aside [redacted] complicated [redacted]lations governing foreign trade, [redacted]lowing a decisive two-phase devaluation of the grossly-overvalued [redacted] early in July;
- Welcome direct investment by multinationals;
- Dismantle the "licence raj" (reign by licences) on Indian industry – 84 per cent of industry has now been freed from licensing requirements;
- Partially free the financial system from controls on interest rates, and;
- Propose a more limited role for the public sector.



In addition, by reducing the fiscal deficit from 8.5 per cent of gross domestic product to 6.5 per cent, the government has made at least an initial step towards returning India to its historic fiscal conservatism.

None of this has been easy. Critics have lamented what they consider the shedding of Nehru's socialist model, based on self-reliance and a public sector that holds the commanding heights of the economy.

The reforms were also frowned upon by many bureaucrats who fought a brief but bitter battle against them, partly because of their vested interests in a government-regulated economy and partly because of conviction. Mr B K Modi, a leading industrialist, said: "I don't think the bureaucrats are going to change overnight. You can feel the resistance already."

But Dr Singh acted decisively, by telling senior officials that those who could not support the programme would be transferred. He was helped by the fact that many senior officials, particularly in the ministries of commerce and industry, have been unsuccessfully clamouring for deregulation for years. They feel the finance ministry has obstructed the process of liberalisation by exerting too great a control over economic life.

While the reforms have begun to have an impact, many are only [redacted]ments of intent. Much has still to be done, including [redacted] implementation of [redacted] now been [redacted]. And although Dr [redacted] government expenditure, for example, [redacted] cit, he has failed to introduce long overdue [redacted] reform.

The minister has declared a virtual open-door policy for f[redacted]ign investment by increasing the limit [redacted] foreign ownership [redacted] the equity in Indian joint ventures from 40 to 51 per cent, thereby assuring them of control. He has also suggested that they could be allowed 100 per [redacted] ownership if high technology [redacted] export [redacted] involved. [redacted] foreign [redacted]ment is [redacted] not permitted in key areas such as energy or oil and mineral explora[redacted].

The Monopolies [redacted] Restrictive Trade Practices Act [redacted] been considerably [redacted] and there [redacted] no restrictions [redacted] fresh [redacted] by [redacted] so-called "large monopoly houses" – companies with assets of Rs1bn. Nevertheless, industrial licences are still needed for [redacted] products including coal and cars.

Mr Rahul [redacted], chairman [redacted] managing [redacted] Auto, [redacted] maker, praised [redacted] lifting of [redacted] licensing requirements: "I [redacted] how difficult [redacted] can get to chase someone in [redacted] Delhi [redacted] a licence. Then some fool delays the whole project by procrastinating, because he [redacted] something [redacted] himself, [redacted] a thousand other things. [redacted] now I think things will change."

The government [redacted] right [redacted] reject projects [redacted] require more than [redacted] of capital goods imports. [redacted] contend that this [redacted] licensing has [redacted] saved through the back door. But Dr Singh has promised that the Rs20m limit will be raised and even removed when [redacted] foreign exchange position improves.

Many entrepreneurs and economists say there should be no industrial licensing at all, even in the atomic energy and defence industries. So far, the government has kept these industries within the public sector and has made substantial [redacted]chases from private companies abroad. Com[redacted] private Indian companies should be allowed to compete freely in this area without needing [redacted] government licence. In any case there is a strong case for massive cuts in overall defence spending, [redacted] which a disproportionate share is on the unproductive maintenance of [redacted] 1.2m-strong army.

In the two crucial areas of the public sector and privatisation, the government needs to take bold initiatives. But the reforms virtually ignore both areas, mainly because the concept of a strong public sector is considered politically dangerous ground to tread upon. The government has, instead, retained ownership of the [redacted] and mineral industries, [redacted] which would benefit from domestic and foreign private investment.

There is also [redacted] strong case for dena[redacted] loss-making coal industry [redacted] giving [redacted] Indian and foreign companies to search [redacted] oil, production of which has stagnated for more than a decade. This has forced the government to increase oil imports and is one of the principal reasons for the current balance of payments crisis.

The public financial institutions are also in need of an overhaul, particularly the nationalised banks, which are notoriously inefficient. Although the Indian capital market is now well developed, funds for industrialisation would be easier to raise if the banks were denationalised.

Mr Ramesh Chauhan, chairman of the Parle group, a soft drinks company, said: "The policy on public sector disinvestment is disappointing. As far as the industrial policy is concerned, it should be separated from the foreign investment policy. Why should licensing be required for any industry where there is no foreign direct investment?"

Also absent from the reforms is a policy that would allow loss-making [redacted], both in the public and pri[redacted]. Painful [redacted] involved, particularly [redacted] opposition from trade unions and [redacted] left-wing political [redacted]ties as a result of the feared impact on employment. The entire [redacted] of industrial relations needs scrutiny.

Many industrialists think the government should [redacted] announced a competition policy on the British pattern. Although deregulation has been widely welcomed, a competition policy is required so that industry can be restructured and consumer interests protected.

Industrialists say the reforms have not gone far enough and they urge the ministry of industry to play a role that would help in the restructuring of industry by encouraging expansion, amalgamations and mergers while keeping a careful watch for the emergence of cartels.

In spite of the many gaps in the reforms, it is difficult to [redacted] that the present liberalisation has finally given [redacted] chance to oper[redacted] more freely. This [redacted] presented Indian entrepreneurs with a challenge for which they [redacted] long [redacted] clamouring.

Mr [redacted] K Birla, president of the Feder[redacted] Indian Chambers of Commerce and Industry, said: "The industrial policy is the first major step in what is necessarily a continuous process of deregulating the economy. Many retrograde [redacted] have been either removed or amended, and the [redacted] created [redacted] a market-friendly system."

Industry has at last been given an opportunity to prove its claim that the country nurtures entrepreneurs of high quality, ingenuity and flexibility. However, many Indian industrialists still lack the confidence to face competition, both internal and from foreign companies, and they are already pressing the government to go slow, at least on changes in foreign investment policy.

But most observers think this response reflects fear of change stemming from years of living within a system of harsh regulations, however frustrating. Painful adjustments are inevitable now that the government has begun the process of reform. Dr Singh says that while the government plans to go further along the same road, the pace will be slower, and that it will take three years for results to show up in the economy.

The question is whether he will have the time he needs. Both Dr Singh and the prime minister will have to show skilful management of the Congress and the opposition. The government may [redacted] find that it faces a far from unprecedented policy dilemma: without successful stabilisation, liberalisation usually founders; but the pain imposed by stabilisation can make the government founder, instead. The government has made an excellent start. But both luck and much determination are needed for ultimate success.

OBSERVER

Launch of a princess

■ And [redacted] winner is...Margaret Thatcher in "Crush the Communists." There was a distinctly surreal showbiz air, reminiscent of the Hollywood Oscar awards, at P & O's [redacted] York dinner for Britain's ex-prime minister.

It was partly the setting - on board a glitzy, brand new P&O cruise liner. Partly the appearance on video-tape of former President Ronald Reagan, plus a list of celebrities like Henry Kissinger.

Naturally, [redacted] was an Oscar-like gift - [redacted] silver world globe - presented by one of her greatest admirers, P & O's Lord Sterling. In return Mrs Thatcher named the latest addition to P & O's growing US cruise fleet – the Regal [redacted]. Nice touch.

Unlike in Britain, Mrs Thatcher remains nearly universally popular in the US, and the tributes to her from the likes of Kissinger and Charles Price, former US ambassador to London and Hanson board member, underlined why. She is the Iron Lady who helped America whup the commies.

Mrs Thatcher herself played the role of elder statesperson, with barely a mention of contemporary Conservative politics. Dwelling on the importance of human character in politics down the ages, she made grand references to the Roman and British empires,and declared ringingly that "the [redacted] and Britain have together been the greatest alliance in the defence of liberty and justice that the world has ever known." Cue music, lights, fireworks at the Statue of Liberty.

Sinking fund

■ Still on the subject of Mrs Thatcher's buccaneers, [redacted] news that Trafalgar House's Sir Nigel Broackes has sold £6.5m worth of shares in the company he founded is mildly disconcerting.

Trafalgar House is the most lowly-rated stock in the FT-SE 100 index – it yields 11.4 per cent – and the sight of Sir Nigel cashing in the bulk of his holding at such a lowpoint in the company's fortunes is not the most reassuring signal to those shareholders who have stuck with the company through thick and thin.

Admittedly, he is reinvesting about a third of the money by taking up his rights in the more tax-efficient "A" shares, and promises to make further purchases. But it imay be a sign sign that the 57-year-old Sir Nigel is losing interest in his empire.

Meanwhile Sir Eric Parker, Trafalgar House's chief executive, may be doing a splendid job but his personal stake in the [redacted] is [redacted] very modest £7000.

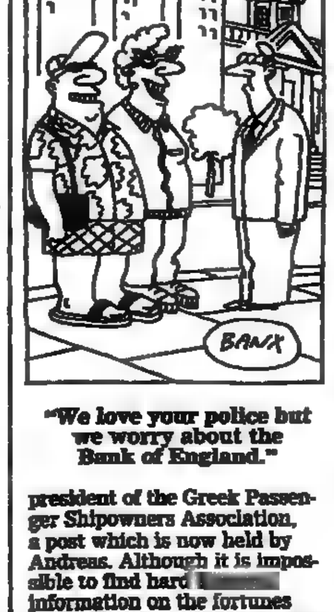
Now if only Sir Eric were to sell his Grand National winner and reinvest the proceeds in his company.... that would be a buy signal.

Greek drama

■ To lose one cruise ship is [redacted]te. To lose two, smacks of carelessness. But to lose three in the space of three years - has the makings of a corporate disaster. Indeed, the future of Epirotiki Lines, owners of the ill-fated Oceanos, looks increasingly uncertain.

Andreas and George Potamianos, the brothers who own over a quarter of Greece's cruise ship fleet, were [redacted] considering selling their dozen ships, some months before the Pegasus, another elderly Epirotiki vessel, caught fire and sank off Venice in June.

Epirotiki, which offers "cheap but cheerful" cruises, invented the Greek cruise ship business. The Potamianos' father was Greek minister of merchant marine as well as



"We love your police but we worry about the Bank of England."

president of the Greek Passenger Shipowners Association, a post which is now held by Andreas. Although it is impossible to find hard [redacted] information on the fortunes of Greek shipping tycoons, Epirotiki seems to have been having a difficult time.

The slump in east Mediterranean cruising in the past few summers – at first caused by fears of terrorist attack, then by recession – has been compounded by the increasing obsolescence of their passenger fleet.

Tough competition [redacted] the new luxury liners has forced the Potamianos' fleet to look further and further afield for business, taking them into areas like time chartering to smaller operators in South Africa.

Andreas is the more mysterious of the two brothers. [redacted] has [redacted] reputation for political wheeling and dealing. By contrast, George is the cultivated one, making the rounds of European music festivals and composing on [redacted] synthesiser in his spare time.

Although [redacted] in the same [redacted] as the Latsis, [redacted] and Goulandris dynasties, [redacted] family are [redacted] respected on [redacted] circuit. They [redacted] ships [redacted] fund-raising charity functions – [redacted] and foreign.

However, their [redacted] style [redacted] well regarded and [redacted] well have something to do with the company's current problems.

Exercise bargain

■ [redacted] with [redacted] up to [redacted] the organisers of the [redacted] in [redacted] field have come up with [redacted] novel way of repairing their balance sheet – sell the dirty linen.

Bed sheets used only briefly [redacted] budding athletes are being sold today at a public auction in an attempt to offset the £21[redacted] running costs of the games. Washed thoroughly to remove any lingering trace of athletes' foot, the items are offered in nearly [redacted] condition.

Bidders can [redacted] their pick from 15,000 [redacted] sheets, [redacted] towels, [redacted] pillow [redacted], 3,000 [redacted] and 1,250 beds. Bargain-hunters in the [redacted] town are [redacted] guaranteed a prize: pil[redacted] 50p with beds, some specially designed for [redacted] players, on [redacted] £125.

The cost to the organisers of this price-cutting exercise: £150,000, roughly [redacted] 30 per cent reduction.

Cold Calling

■ A word of advice from my pal Burglar Bennie, on the merits of fitting one of those new-fangled car radios which are coded. Forget it.

He's not impressed by the [redacted] if they are [redacted] they won't [redacted] anyone [redacted]. His advice, buy [redacted] one cheap [redacted] pop it into the deep [redacted] while. That'll [redacted].

Scandals and industrious tax inspectors are keeping former high-spending buyers out of the galleries, says **Stefan Wagstyl**

Dry season for the Japanese art market

Mr Kiyotaka Kori remembers a day last year when a stranger walked into his art gallery in a fashionable district of Tokyo, looked around for a few minutes, pointed to a Renoir drawing and said he would buy it. The next day the man returned with Y100m in cash.

The peak of the Tokyo art market now seems like a dream to Mr Kori, manager of the Aska International gallery. "I shouldn't say that things are bad, because that sounds bad. But it is very, very quiet." Aska was once one of Tokyo's most prolific buyers of high-priced art: 100 Renoirs and 20 Monets lie in its vaults and not one has been sold since November.

From Tokyo, London and New York, the reports are the same: the Japanese buyers who surprised the international art world with the scale of their purchases of high-priced French Impressionist and modern paintings in the late 1980s have gone to ground. At Sotheby's important spring auction of Impressionist works in New York, not a single painting [illegible] bought by a Japanese.

In the virtual absence of Japanese buyers, [illegible] prices [illegible] Impressionist paintings have dropped 36 per cent in the past year according to Sotheby's and the prices of modern (20th century) works have fallen 32 per cent. Dealers say it could be years before the Japanese start buying large numbers of $1m-plus paintings again.

The worldwide rise in interest rates and squeeze on bank lending have discouraged them from making further forays into the market at the moment. They are also scared of the bad publicity [illegible] by [illegible] bankruptcies of several speculative pur[illegible] and dealers and [illegible] scandals, one involving Mitsubishi, the trading company, and another [illegible] trading [illegible] Itoman.

However, Tokyo [illegible] buyers [illegible] likely to return to the [illegible] The Japanese have [illegible] their passion [illegible]. "The money [illegible] there," [illegible] Mrs Kazuko Shiomi, president of [illegible]eby's Japan office.

Rich Japanese companies and families were collecting art long before the Second World War. After 1945, their successors started over again, concentrating first on Japanese artists and later turning to modern western works. By the early 1980s, it was not unusual for well-established Japanese collectors to pay $1m for a Renoir.

The long-standing buyers were museums, large companies collecting works to adorn their offices, and the owners of small businesses. Celebrities peppered the gallery customer lists, among them Mr Ryoei Saito, the chairman of Daishowa Paper, one of Japan's largest paper groups. He was forced in the early 1980s to sell his collection, including his treasured Chagalls, when his company was rescued by Sumitomo Bank. When Daishowa recovered, he took revenge and sacked the bank.

Collectors mostly buy their works from Japanese dealers, many of whom have galleries in small streets in the glamorous Ginza district of Tokyo. In this cosy environment, there [illegible] public [illegible] and [illegible] surprises on price: collectors buy works on the understanding that they will appreciate by a few per cent a year. Dealers generally agree to buy back unwanted paintings from their [illegible]. "There is almost [illegible] guarantee to buy back," [illegible] Mrs Shiomi [illegible] Sotheby's.

The late 1980s price explosion in Impressionist, post-Impressionist and contemporary [illegible] tore through this comfortable world, fuelled by the money made in the Japanese land and stock markets and a supply of cheap bank credit. Yasuda Fire and Marine, a leading insurance [illegible], [illegible] a record-breaking spree in [illegible] by paying £22.5m [illegible] Van Gogh's Sun[illegible] at auction in London. Other top companies followed suit: Mr Yoshihisa Tabuchi, the former presi[illegible] Nomura Securities, [illegible] frequently photographed [illegible] front [illegible] company's Renoir. Among the [illegible] buyers [illegible] Mr [illegible] of Daishowa, who had [illegible] rebuild [illegible] collection in the wake of the company's [illegible]. In a single month last [illegible], he paid $160.1m [illegible] New [illegible] for a [illegible] cafe [illegible] and Van Gogh's portrait of Dr [illegible]. In [illegible] triumph, [illegible] jokingly [illegible] the paintings burned [illegible], just to show that no one – least of all Sumitomo Bank – could [illegible] away [illegible] him.

Museum directors complain [illegible] speculators drove them [illegible] of [illegible] market. "[illegible] not compete [illegible] people," [illegible] Mr [illegible] Abe, [illegible] curator of [illegible] Bridgestone Museum, a well-regarded private collection [illegible] to [illegible] public. [illegible] Japanese buyers [illegible] sky-high prices for low-grade paintings. "I told them to buy [illegible] good work instead of [illegible] they [illegible] listen," [illegible] Mrs Shiomi.

Others [illegible] her advice, only to hang their paintings in wildly inappropriate settings. Yasuda's Sunflowers hangs [illegible] room [illegible] 42nd floor of [illegible] company's [illegible] office, surrounded by the works of a minor Japanese artist favoured [illegible] former Yas[illegible] chairman. "Sunflowers in the middle of trash," [illegible] Bridgestone's Mr Abe. At least the Van Gogh hangs in a gallery: Mr Tomonori Tsurumaki, owner of Nihon Autopolis, a racing car circuit, has displayed his sublime $52m Picasso – Pierrette's W[illegible] – in [illegible] hall [illegible] the side of his [illegible].

As the [illegible], the total value of paintings imported into Japan soared 66 per cent last year to [illegible]. The 500 or so long-established galleries which belong [illegible] Tokyo Art [illegible] found [illegible] challenged by [illegible] of newcomers. The old guard d[illegible] accuse [illegible] galleries [illegible] bidding up prices indiscriminately, supplying speculators [illegible] driving traditional buyers [illegible] the market. "Outsiders came in and [illegible] everything up [illegible]. It's an embarrassment," says Mr Tatsuo Hir[illegible], president [illegible] the Shinwa gallery.

'Sunflowers in the middle of trash,' says a gallery curator about the setting of Van Gogh's work, surrounded by those of a minor Japanese artist

Aska International, established in [illegible], [illegible] one of the prime targets of the long-established [illegible]. They accuse the gallery's owner, Mr Yasumichi Morishita, of flooding the art [illegible] with his cash. Mr Kori [illegible] this. "At auction we only [illegible] bid more than [illegible] one [illegible] big companies [illegible] pushed up prices. They're [illegible] or [illegible] bigger than us."

[illegible] could not [illegible] offending the Ginza [illegible] guard. Among [illegible] Mr Masuhiko Sawada, [illegible] car salesman, who [illegible] into [illegible] 1974 [illegible] established Urban Gallery, with outlets in Tokyo, New York [illegible] Paris. Mr Sawada [illegible] "I'm [illegible] sell [illegible] volumes [illegible] paintings, like I sell cars." Supported by loans secured [illegible] the [illegible] profitable Toyota Motor dealerships, Mr Sawada bought pictures wholesale and accumulated borrowings totalling Y150bn before Urban Gallery went bankrupt earlier this [illegible].

The [illegible] of money flow[illegible] the market attracted buyers with [illegible]. Art has [illegible] been used in [illegible] means [illegible] hiding family and corporate [illegible] from the eyes of creditors and taxmen. Tax inspectors looking at [illegible] picture are rarely able to assess its true worth, particularly [illegible] the case of Japanese art, where prices [illegible] not [illegible] in an open auction but in private [illegible] actions. As Mr Hirano says: "Our industry has always had an underground side... These [illegible] necessarily criminals or gangsters. Tax evaders are [illegible] more common."

In the [illegible] the collapse of the price-boom, financially hard-pressed buyers and dealers have been unable to prevent details of their financial affairs leaking into the open. Two incidents stand out – the Itoman and the Mitsubishi Corporation affairs.

Itoman, an Osaka-based trading company [illegible] from the brink [illegible] bankruptcy by [illegible] Bank in [illegible] late [illegible], had bought high-priced art to the tune of Y67.7bn. Officials of the [illegible] District Prosecutor's Office are now investigating allegations that one transaction – a Y55.7bn deal to buy paintings by Modigliani and others – was [illegible] to siphon funds out of Itoman. Public prosecutors [illegible] established that the paintings [illegible] worth only half the purchase price and two men have [illegible] charged with breach [illegible] trust.

The Mitsubishi Corporation [illegible] involves the purchase [illegible] two Renoirs – After the [illegible] and Young Girl Reading. Mitsubishi initially insisted that it bought the paintings in [illegible] 1989 for Y3.6bn from two Frenchmen. [illegible] tax [illegible] replied they can find evidence of a deal worth only Y2.1bn and can find no record of the [illegible] Frenchmen entering Japan. Later [illegible] said it could not [illegible] for [illegible] missing Y1.5bn and put the [illegible] down [illegible] "entertainment expenses" in [illegible].

The paintings [illegible] Soka Gakkai, [illegible] which [illegible] museums and [illegible] halls and spends [illegible] art [illegible] Mr [illegible] Ikeda, [illegible] group's leader, [illegible] one [illegible] Japan's [illegible] known art [illegible].

Dealers say scandals have done [illegible] than anything [illegible] keep Japanese buyers of high-priced art [illegible] of the galleries. [illegible] that they might be next on the taxman's list; [illegible] simply do [illegible] want [illegible] put [illegible] a market where [illegible] prices may not be all they [illegible]. "[illegible] are having a [illegible] on business," [illegible] Mr Hironobu Okada, sitting in [illegible] a $10m Monet, hanging in his gallery, Art Point.

No [illegible] sure when [illegible] might [illegible] months, says Mr Okada, who thinks [illegible] interest [illegible] scandals will [illegible] during the [illegible] Tokyo summer. [illegible] so, [illegible] Bridgestone's Mr Abe: [illegible] it might take two years.

But [illegible] and [illegible] are [illegible] that eventually Japanese buyers will be back. As long as the Japanese economy continues [illegible] grow faster than the [illegible] and Europe, it is likely that [illegible] will want to possess [illegible] Americans and Europeans also possess – including art. As Mr Akira [illegible], a manager at Galerie Tamenaga, says: "This is the age of Japan."

Watchdog must be ready to bite

Barry Riley on proposals for changing investments marketing

A friendly watchdog is a contradiction in terms. Already, the Securities and Investments [illegible] (Sib) has surprised the investment industry with its relaxed attitude to such murky areas as broker bonds and [illegible] commissions. [illegible] it [illegible] another test over the marketing [illegible] investment products.

Through the sultry days of August executives [illegible] Sib are settling down to produce [illegible] formal consultative document [illegible] the retailing of investments. They are doing it with the benefit [illegible] more than 100 submis[illegible] from interested parties.

It is apparent that [illegible] resistance to the hint in [illegible] agenda-setting five-page [illegible] in April that polarisation – the [illegible] independent [illegible] and [illegible] firms – might [illegible] modified. The suggestion was that firms of intermediaries might be per[illegible] establish [illegible] to [illegible] number of [illegible] providers [illegible] products – the "multi-tie". Industry opinion is [illegible] the public should [illegible] given more time [illegible] polarisation.

Industry [illegible] surprising. Independent financial advisers [illegible] not wel[illegible] of interest involved in multi-ties: they regard independence [illegible] their unique selling proposition. The [illegible] direct-selling [illegible] would [illegible] little [illegible] much [illegible] lose if their salesmen were [illegible] idea [illegible] selling [illegible] brands.

The big banks and building societies, short-sightedly, [illegible] in [illegible] attempts [illegible] up their own in-house life [illegible] companies [illegible] see [illegible] multi-ties might [illegible] offer them the chance [illegible] become financial product supermarkets. Their bureau[illegible] reluctant [illegible] ture [illegible] painstakingly built up. Only building [illegible] top 10 seem drawn to [illegible] multi-tying idea.

[illegible] Sib cannot simply reconfirm [illegible] polarisation. The framework first worked out in 1986 and then [illegible] in [illegible] has led [illegible] a [illegible] shrinkage in the availability [illegible] independent advice. This rapid swing towards one-product [illegible] than multi-brand [illegible] pendent financial advisers was unintended.

The multi-tie compromise always brought [illegible] own problems, but [illegible] hostile reception [illegible] not mean that it [illegible] an inappropriate solution. [illegible] an industry characterised by intense vested [illegible] interests [illegible] solution which is in the interests of the consumer [illegible] all [illegible] likely [illegible] be howled down. It is [illegible] enough for Sib to seek an agreeable compromise, it must be prepared to fight.

Unfortunately it looks [illegible] preferred initiatives may take it in the wrong direction. It will level the playing-field [illegible] independents and salesmen by drawing back from attempts [illegible] force indepen[illegible] the size of [illegible] more effectively. True, there [illegible] apparently be even-handed proposals [illegible] require intermediaries of all [illegible] make more easily comprehended disclosures [illegible] and charges. However, [illegible] in a long [illegible] far [illegible] life [illegible] industry has won.

[illegible] instance, the life compa[illegible] present enthusiastically support the "reduction in investment yield" concept which [illegible] wrap up all policy [illegible] annual percent[illegible] deduction, related [illegible] the final payout. Admittedly, [illegible] merits, notably comparability if [illegible] calculations are [illegible] properly. [illegible] main appeal [illegible] life companies [illegible] simply [illegible] a small [illegible]centage number. [illegible] figure [illegible] per [illegible] mod[illegible]. But if [illegible] per cent is a rea[illegible] long-term real yield [illegible] expect on investments, [illegible] would represent a 50 per [illegible] reduction [illegible] return. Put that way, it is not such a hot selling platform.

Some [illegible] thinking from Sib would [illegible]. It [illegible] obvious, [illegible] example, [illegible] same polarisation [illegible] should apply to big banks as to small firms [illegible] independent [illegible]. Getting independent advice back into the high street may require flexibility. Unless Sib knows where [illegible] to get to, and is prepared [illegible] fight, it will be driven [illegible] else. [illegible], this has been the [illegible] retail regulation [illegible] the Financial [illegible] Act [illegible].

LETTERS

Insurance stance on Aids vindicated

[illegible] Mr John Lockyer.

Sir, [illegible] Daneshkhu [illegible] particular criticism ("Life Insurance for Gays", August [illegible] life insurance industry's lifestyle questionnaire [illegible] the Institute [illegible] Actuaries working party [illegible] Aids. This misinterprets [illegible] working party's [illegible].

[illegible], in [illegible] bulletin published [illegible] March, [illegible] working [illegible] that the continued use [illegible] lifestyle questionnaire appears [illegible] by [illegible] two-thirds [illegible] newly-reported [illegible] of HIV infection are from among the homosexual community. The recommendation of a switch of emphasis has to be set against the context of a bulletin which discusses the possibility of more widespread infection in the heterosexual community. If that event comes to pass the insurance industry may well need to review its procedures.

As yet there is very little evidence, either in Europe or the US, of an appreciable [illegible] infection among sexual partners where neither is a member of one of the recognised risk groups. The working party is charged with looking to [illegible] uncertain future [illegible] the epidemic; the insurance industry has [illegible] delicate [illegible] of making commercial judgments in the light of today's [illegible] as it sees them. [illegible] life insurance underwriters [illegible] there is insufficient evidence to justify [illegible] change of direction [illegible] should not [illegible] them.

John Lockyer,
chairman,
[illegible] of Actuaries [illegible]
Working Party,
Leadenhall Street,
London EC3A 2PQ

India's needs: less of the textbook and more aid

From Parviz Dabir-Alai.

Sir, Your leader, "Peres[illegible] in India", [illegible] a [illegible] example [illegible] good analysis followed by [illegible] unworthy conclu[illegible]. You [illegible] that, [illegible] fragility, [illegible] Indian government should "go further and...still faster" in [illegible] attempts [illegible] liberalise the [illegible] by disbanding [illegible] (such [illegible] on [illegible] and [illegible] of control prevalent there. This textbook-like conclusion, like [illegible] type, is [illegible] recipe [illegible] as it ignores [illegible] con[illegible] myriad [illegible] groups found [illegible] rural [illegible] metropolitan India. To ignore the [illegible] any [illegible] in [illegible] pursuit [illegible] isation alone is bound [illegible] be politically dan[illegible] as evidenced by Rajiv Gandhi's [illegible] Haryana [illegible] of [illegible].

[illegible] contempt [illegible] partially to reinstate the fertiliser subsidies is insensi[illegible] their principal [illegible] has always been to underwrite inco[illegible] of marginal and lesser able farmers. [illegible] such [illegible] will immediately jeopardise [illegible] livelihood [illegible] millions. This is [illegible] any[illegible] of all to [illegible] government suffering from political fragility.

Parviz Dabir-Alai,
[illegible]
[illegible]on of Business Administration and the Social Sciences,
Richmond College, London.

[illegible] Toye and Michael Lipton.

Sir, Your leader of is right both to congratula[illegible] the minister of finance, Dr Manmohan Singh, on [illegible] courageous [illegible] towards stabilisation [illegible] liberalisation, and [illegible] warn [illegible] they may not go far enough. Unfortunately, you recognise neither the past achievements and improvements in Indian economic policy, flawed as these have been, nor the complicity of the western world in the [illegible].

From 1947 [illegible] the early 1970s, the Indian economy crawled forward at just over [illegible] per [illegible] per year – about 1 per cent per person. The proportion of Indians below the national "poverty line" fluctuated around [illegible] per cent. Comparable figures now are about [illegible] per [illegible] yearly, that is, almost 3 per [illegible] per person, and [illegible] the poverty line are now [illegible] than one in three. Govern[illegible] policies and programmes played a major part in these improvements. They [illegible] place in an economically [illegible] world environment, and largely in a fully [illegible].

However, India has also [illegible] experiencing [illegible] huge expansion [illegible] public-sector [illegible]. This [illegible] stimulated by [illegible] policies pressed upon India by [illegible] donors in [illegible] early 1980s.

At that time, India was strongly encouraged [illegible] borrowing from [illegible] International Development Association, and [illegible] borrow heavily from banks [illegible] commercial [illegible]. Progressively, monetary [illegible] fiscal [illegible] was [illegible] *down in* [illegible] flood of [illegible] but expensive, commercial [illegible], on which debt [illegible] had [illegible] through [illegible] public budget.

India now [illegible] greatly [illegible] aid, not only as a [illegible] liberalisation, but [illegible] support a [illegible] and expanded role for the state in its appropriate functi[illegible] of providing infrastructure and social ser[illegible] continued growth and poverty reduction.

John Toye and Michael Lipton,
[illegible] Institute of Development Studies,
University of [illegible]
Brighton BN1 [illegible]

Relate high pay to insecurity of tenure

[illegible] Mr [illegible] H [illegible]

Sir, Christopher Hood and [illegible] Tinder (Personal View, August [illegible]) should [illegible] market principles of remuneration [illegible] advising prime min[illegible] or anybody else [illegible] their [illegible]. The only valid [illegible]sons [illegible] paying one person more than [illegible] are [illegible] scarcity [illegible] skills [illegible] qualifications. The [illegible] Body [illegible] wrong [illegible].

Monopoly [illegible] are [illegible] is little market [illegible] few performance measures – in [illegible] as [illegible] the [illegible] – [illegible] clearly [illegible] is little relationship [illegible] performance and pay in such cases. Arguments [illegible] on comparisons, [illegible] incentives, [illegible] shown [illegible] largely fallacious; the answer is to make high pay, wherever earned, subject to total insecurity [illegible] tenure, dependent on performance, and with no golden [illegible].

It is improbable that the supply or performance of prime ministers is much affected by pay, nor is it evident that the country is better served now than when the office was held for little or no direct remuneration. The comparison between Messrs Wilson and Heath and John Major was perhaps particularly unfortunate. If the first two were paid relatively twice as much – did they perform twice as well?

Derek H Broome,
Potter's End,
Mears Ashby,
Northampton

Urban cycle

From Ms Rona Wightman.

Sir, [illegible] urban vehicle concept which was outlined by D G Tipping (Letters, August 6) is fulfilled by something that has been around for some time, namely the pedal cycle.

Rona Wightman,
22 Hurtwood Road,
Walton on Thames,
Surrey
KT12 3QT

What has become of the EEC?

[illegible] Mr Ian [illegible]

Sir, In [illegible] argument on erosion [illegible] parliamentary control [illegible] the UK, little comment has [illegible] made on the original premise upon which our appli[illegible] for membership was made. That we were to join [illegible] European Economic [illegible]ni[illegible].

Similarly, in the subsequent national referendum on [illegible]tinuing membership, the pro-marketeers' main argument in favour was of economic bene[illegible] accruing [illegible] UK, and [illegible] of withdrawing. No argument was made by them in favour of devolving parliamentary power to the EEC.

I am now ashamed [illegible] say that I voted in the referendum for continuing membership [illegible] the European Economic Community. But in [illegible] years the title of that has [illegible] changed to the European Community, a completely different animal for which I did [illegible] vote. The "manifesto" of Mr Heath and pro-marketeers effectively [illegible] the nation a pup.

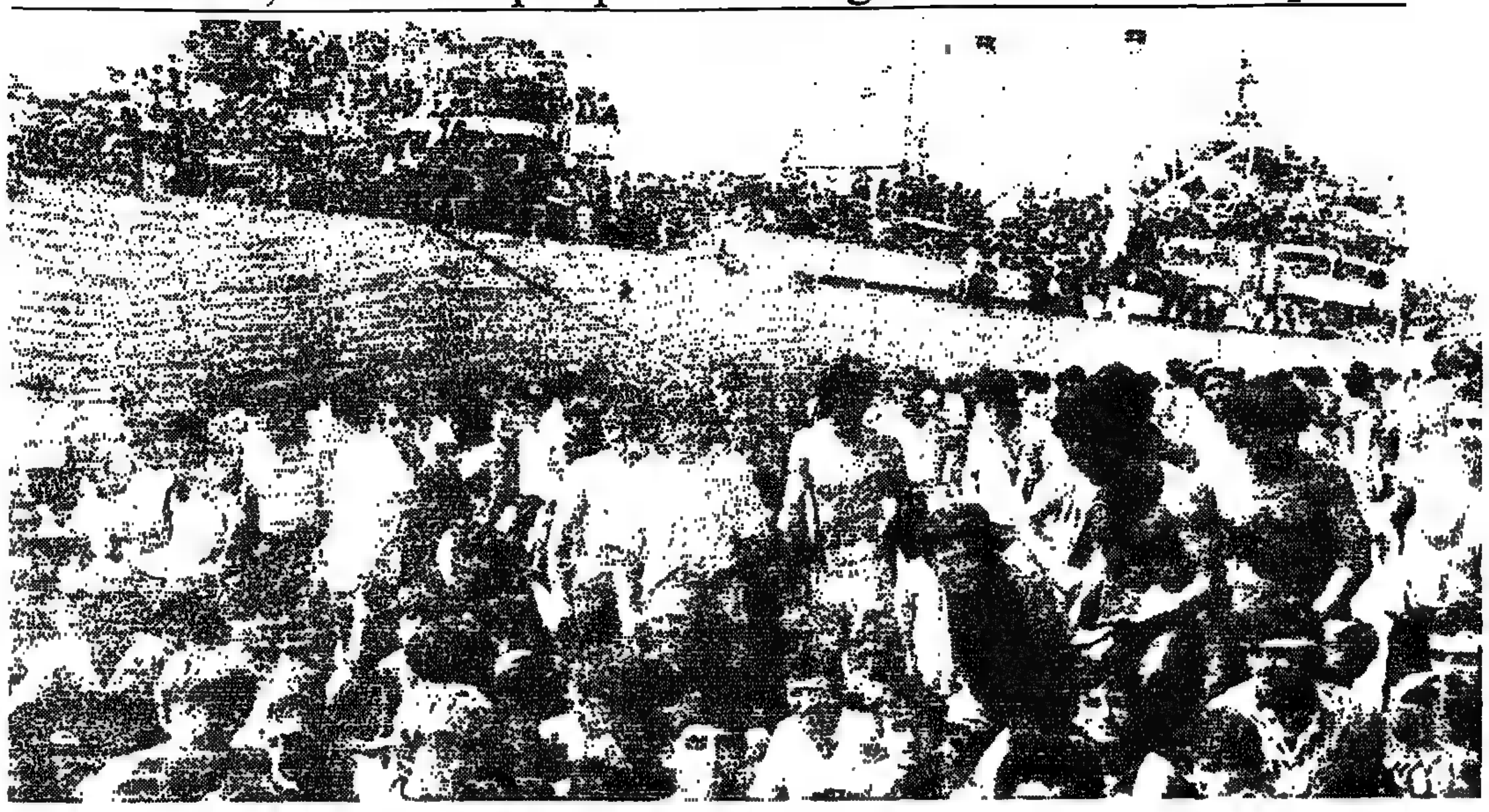
Ian Macavoy,
Wantage Hall,
Upper Redlands Road,
Reading, Berkshire

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

FINANCIAL TIMES
Friday August 9 1991

At least 20,000 'boat people' heading towards blocked ports



Europe's '[redacted] people': Many jumped overboard [redacted] swam [redacted] after [redacted] freighter Vlora forced [redacted] way into the southern Italian harbour of Bari

Italy acts to repel influx of Albanians

By Haig Simonian in Milan

AT LEAST 20,000 would-be refugees from Albania [redacted] yesterday blocked in Italian ports [redacted] sailing towards Italy as the Rome government [redacted] pled with [redacted] latest [redacted] of Albanian "boat people".

In Tirana, Albania said [redacted] had halted passenger trains to stem the exodus and the ports were under military control. At least 12 Albanians trying to leave [redacted] country have [redacted] in the [redacted] days in [redacted] fighting in Albanian ports, according to [redacted] reports.

The Albanian measures came [redacted] thousands of their nationals arrived yesterday in the southern Italian port of Bari packed aboard the [redacted] tonne Albanian freighter Vlore in [redacted] hope of gaining asylum.

Many jumped overboard and [redacted] ashore as the vessel forced its way into the harbour.

Several Albanian ships, including [redacted] country's biggest merchant vessel, [redacted] making for ports along the Puglian [redacted] Calabrian coasts.

An [redacted] 11,000 refugees [redacted] on vessels heading for Otranto, while [redacted] port of [redacted] some 8,000 Albanians were aboard [redacted] ships just offshore.

While Italian [redacted] coped with frenetic scenes at Bari, the Maltese government allowed two ships carrying more than 600 Albanians to enter [redacted] Grand Harbour in Valletta.

The [redacted] government met in emergency session [redacted] Wednesday night and announced measures to halt [redacted] inflow. It was [redacted] any Albanian immigrants entering Italy illegally would be repatriated immediately [redacted] ships [redacted] Albanian refugees would be stopped [redacted] entering Italian [redacted] escorted out [redacted] sea.

Vessels [redacted] entered Italian [redacted] with illegal immigrants would [redacted] sequestered [redacted] their captains charged with trafficking in illegal immigrants, the authorities added.

An Italian delegation flew [redacted] yesterday for talks with the [redacted] authorities. The Italian government is [redacted] increase its planned [redacted] and food aid.

[redacted] gone [redacted] Tirana with similar promises in the past, winning [redacted] temporary lull [redacted] the refugee wave. However, this week's [redacted] onslaught on Albania's ports indicates that [redacted] principal causes behind [redacted] country's problems [redacted] strong [redacted]

On Wednesday, 981 Albanians refugees [redacted] arrested [redacted] various points along Italy's Adriatic coast and ferried [redacted]

The [redacted] government [redacted] set [redacted] an inter-ministerial crisis [redacted] co-ordinate repatriation. "We must make them go back, but in [redacted] and with respect for international norms", [redacted] minister said.

[redacted] interior ministry has ordered [redacted] to requisition [redacted] repatriate the immigrants and has [redacted] ministry of [redacted] to provide military air-[redacted] Civilian [redacted] also be requisitioned, it said.

[redacted] exodus [redacted] the economically crippled Albania followed a rush [redacted] would-be [redacted]ugees [redacted] this [redacted] the country's ports, [redacted] off by police [redacted] units to prevent a repetition [redacted] last March, when refugees [redacted] waiting [redacted]

Italy is sheltering [redacted] 25,000-30,000 Albanians, [redacted] them in [redacted] economically depressed south. Government plans [redacted] quotas and share the refugee burden among local authorities throughout [redacted] country have [redacted] into opposition, notably in [redacted] and northern Italy.

A deadline to repatriate at least half the 24,000 refugees [redacted] arrived last March was allowed [redacted] pass at the end [redacted] last month, with only limited [redacted] taken.

[redacted] Italian [redacted] had originally [redacted] they would deport all those [redacted] had failed [redacted] find work [redacted] qualify [redacted] political asylum. But deporta-[redacted] tended to be limited to those [redacted] by [redacted] police, mostly [redacted] misdemeanours such as shoplifting.

Friends' elation tinged with sadness for other hostages

By Andrew [redacted] in London

[redacted] around London with [redacted] "John McCarthy still counts" were being hastily over-pasted yesterday with strips saying "Welcome home, John" and – in a sober reminder – "Let's remember [redacted] other hostages."

[redacted] main [redacted] among Mr McCarthy's friends and supporters was [redacted] celebration [redacted] that, [redacted] many [redacted] hopes, he had been [redacted] after 1,943 days in captivity.

Several hundred people packed into St Bride's, "the journalists' church" in London's [redacted] Street, [redacted] service of thanksgiving for the release.

Mr McCarthy, 34, a London-[redacted] editor for Worldwide Television news, became [redacted] youngest western hostage when he was [redacted] in Beirut while heading for the airport for a flight [redacted] UK on April 17, [redacted]

[redacted] appeared on Syrian television yesterday looking fit and composed. "I would like [redacted] thank all [redacted] people [redacted] have done so much [redacted] the past five years and [redacted] people who [redacted] supported this campaign. My [redacted] very grateful [redacted] all their efforts," he said.

Asked [redacted] he now planned to [redacted] with his time, he responded: "Everything."

His supporters in the UK [redacted] "After 5½ [redacted] waiting and working for something [redacted] happen, life [redacted] time can [redacted] moving, things can [redacted] moving forward again," [redacted] Jill Morrell, Mr McCarthy's friend who led [redacted] campaign for his release.

The Friends of John McCarthy kept [redacted] journalist from being forgotten, using an elaborate [redacted] events. Not all the [redacted] gained universal approval, and [redacted] organisation [redacted] patience with [redacted] they [redacted] a lack [redacted] British Foreign [redacted] commitment early [redacted]

[redacted] television film put together this year showing a [redacted] montage [redacted] being reunited with their [redacted] was banned by [redacted] Independent Broadcasting Authority because it was deemed [redacted] a political adver-[redacted]

Large posters of Mr McCarthy with [redacted] word Wanted [redacted] put on billboards around London courtesy [redacted] the advertising agency [redacted] Hegarty, which offered its support [redacted] charge [redacted] Friends.

Bartle Bogle Hegarty, [redacted] London advertising agency responsible [redacted] such [redacted] paigns as Levi's jeans [redacted] has [redacted] involved with Friends of John McCarthy for [redacted]

It provided [redacted] services [redacted] – and persuaded a large num-[redacted] printers and photographers to do [redacted] same – [redacted] mount [redacted] campaign involving [redacted] advertisements, [redacted] commercials, [redacted] posters on each anniversary [redacted] Mr McCarthy's capture.

A new poster campaign was launched only [redacted] week, [redacted] BBH hopes [redacted] replace [redacted] post-[redacted] by today [redacted] ones welcoming [redacted] McCarthy [redacted] but urging [redacted] public [redacted] forget [redacted] other Lebanon hostages.

The [redacted] not entirely cheerful. Mr McCarthy may not have known [redacted] his [redacted] died [redacted] last year, after her request that [redacted] with her son before [redacted] had been ignored by his kidnappers.

Foreign Office minister Douglas Hogg [redacted] Britain had made no deal for Mr McCarthy's release, but would put immediate [redacted] on [redacted] release [redacted] hun-[redacted] Palestinians and a kidnapped sheikh in south [redacted] non [redacted] help get the remaining [redacted] hostages freed.

CSCE will attempt to convene peace talks on Yugoslavia

By Ariane Genillard in Prague and [redacted] Silber in Belgrade

DIPLOMATS attending [redacted] 35-member Conference on Security [redacted] Co-operation in Europe (CSCE) in Prague will attempt to seek agreement for convening [redacted] international peace conference [redacted] Yugoslavia.

The emergency session, attended by all the countries [redacted] Europe, [redacted] Soviet Union, Canada and the US, is being [redacted] at [redacted] European Community.

The proposed meeting, which will also [redacted] ways [redacted] finding a lasting [redacted] in Yugoslavia, coincided with [redacted] virtual breakdown [redacted] Tuesday's ceasefire after a member of Croatia's national guard [redacted] in [redacted] mortar attack.

[redacted] Stipe Mesic, the [redacted] president, who is [redacted] Croat, yesterday said: "I [redacted] there will [redacted] be [redacted] real ceasefire [redacted] long as those who [redacted] Greater [redacted] are behind it."

Mr Mesic insisted Croatia will make no territorial [redacted] sions, [redacted] though [redacted] nationalists control parts [redacted] Slavonia, in [redacted] Croatia.

According [redacted] Tanjug, Yugoslavia's official newsagency, [redacted] Borisav Jovic, Serbia's representative on [redacted] presidency, [redacted] he would reject [redacted] forces monitoring any truce. "We have [redacted] solve [redacted] by ourselves," he said.

An EC initiative [redacted] monitor a ceasefire broke down last week. Germany, and several other countries placed responsibility for [redacted] the [redacted] Mr [redacted] Milosevic, [redacted] president of Serbia.

Leaders from Serbia's opposi-[redacted] political parties earlier in [redacted] week [redacted] Mr [redacted] for blocking [redacted] towards monitoring any [redacted]

Following an emergency [redacted] sion of EC foreign ministers in The Hague [redacted] Tuesday [redacted] dis-[redacted] the collapse of the [redacted] efforts, ministers sought [redacted] international support for applying greater pressure [redacted] Yugoslavia's political [redacted] implement [redacted] ceasefire.

[redacted] diplomats in Prague yesterday [redacted] setting up [redacted] international peace conference.

"If Yugoslavia [redacted] in [redacted] conference, it will [redacted] that they [redacted] now [redacted] in Europe and must [redacted] responsibility for this", said a [redacted] diplomat.

"The CSCE is the last body [redacted] trying [redacted] agree [redacted] prevent Yugoslavia from being pushed [redacted] corner" [redacted]

British diplomats said the [redacted] would [redacted] weight to [redacted] try [redacted] ceasefire, [redacted] pur-[redacted] constitutional negotiations. "All [redacted] parties in Yugoslavia now have [redacted] do their bit [redacted] impose a ceasefire", a UK [redacted] cial said.

[redacted] added [redacted] 12 EC member states should "be prepared, and if [redacted] organ-[redacted] round [redacted] conference, [redacted] Yugoslavia".

Germany, Austria and [redacted] UK last night appeared [redacted] ious [redacted] push hard for [redacted] a peace [redacted] it remains unclear what [redacted] Union – [redacted] indeed [redacted] political leaders in Yugo-[redacted] – will adopt.

[redacted] Yugoslav delegation, [redacted] arrived late in Prague, delaying the opening of the [redacted] by [redacted] hours, [redacted] headed by Mr [redacted] Pribicevic.

Diplomats [redacted] Mr Vladislav Jovanovic, [redacted] foreign minister [redacted] Serbia, and a representative [redacted] expected [redacted] attend [redacted] guests [redacted] Yugo-[redacted] delegation. It [redacted] unclear if [redacted] representative from Croatia would sit with the Yugo-[redacted]

[redacted] fighting [redacted] Milosevic's moves, Page 2

John McCarthy released after 5 years

Continued from Page 1

or missing [redacted] action in Leba-[redacted] are included in the negotiations.

The Israeli authorities acknowledge that they kidnapped [redacted] Abdul-Karim Obeid, the Lebanese Shia Moslem Hizbollah leader, in [redacted] helicopter raid in southern Leba-[redacted] in July 1989 in order to use him as [redacted] bargaining counter.

Israel holds several hundred other Lebanese Shias. Some are in Israel, but most are detained in the al-Khiam prison in the strip of southern Lebanon controlled by Israel and its surrogate, the South Lebanon Army.

The Israelis say they are ready [redacted] over Lebanese prisoners in exchange [redacted] lost soldiers but are unwilling [redacted] include Palestinian detainees in any agreement.

"We will not be prepared [redacted] anyone under our control until we are convinced that our soldiers would [redacted] included in such [redacted] deal." [redacted] Mr Uri Lubrani, who [redacted] Leban-[redacted] affairs for the government.

President George [redacted] said that while he was pleased by Mr McCarthy's release and [redacted] happy for his family, "we reit-[redacted] our appeal that all hostages be released immediately, safely and unconditionally".

The White House said rumours persisted of the release of a US hostage but it had no direct information.

Mr John Major, the British prime minister, thanked Syria [redacted] Iran for their part in securing Mr McCarthy's release.

WORLDWIDE WEATHER

		°C	°F
Ajaccio	S	28	82
Algiers	S	32	90
Amsterdam	C	16	61
Athens	S	30	86
Bahrain	S	36	97
Bangkok	C	31	88
Barcelona	C	23	73
Beirut	S	28	82
Belfast	F	18	64
Belgrade	S	29	84
Berlin	C	23	73
Biarritz	F	22	72
Bombay	F	28	82
Bordeaux	F	22	72
Boulogne	F	20	[redacted]
Brussels	C	19	[redacted]
Budapest	C	30	[redacted]
Buenos Aires	F	12	[redacted]
Cairo	S	32	[redacted]
Cape Town	S	19	[redacted]
Caracas	C	27	81
Casablanca	S	25	77
Chicago	[illegible]	18	64
Cologne	R	18	64
Copenhagen	S	23	73
Corfu	S	31	88
Dallas	S	24	75
Dublin	C	18	64
Dubrovnik	S	29	84
Edinburgh	F	15	59
Faro	S	25	77
Florence	S	33	91
Frankfurt	C	25	77
Geneva	C	22	72
Gibraltar	S	29	84
Glasgow	C	17	63
Helsinki	S	24	75
Hong Kong	C	31	88
Innsbruck	S	29	84
Inverness	F	17	63
Islamabad	F	33	91
Istanbul	F	26	79
Jakarta	[illegible]	[illegible]	[illegible]
Jersey	C	18	64
Johannesburg	S	15	59
Lima	-	-	-
Lisbon	S	28	82
London	F	23	73
Los Angeles	S	17	63
Luxembourg	R	18	64
Madeira	C	24	75
Madrid	S	27	81
Majorca	S	29	84
Malaga	S	37	99
Malta	S	30	86
Manchester	S	19	66
Manila	F	32	90
Melbourne	R	10	50
Mexico City	C	23	73
Miami	F	28	82
Milan	S	31	88
Montreal	C	20	68
Moscow	C	21	70
Munich	S	29	84
Nairobi	F	23	73
Naples	S	31	88
Nassau	F	33	91
New Delhi	F	33	91
New York	S	24	75
Nice	S	28	82
Nicosia	S	29	84
Oporto	S	26	79
Oslo	C	21	70
Paris	C	18	64
Peking	S	34	93
Prague	S	30	86
Reykjavik	S	14	57
Rhodes	S	[redacted]	81
Rio de Janeiro	R	[redacted]	91
Rome	S	[redacted]	86
Salzburg	C	29	84
San Francisco	S	18	61
Seoul	S	30	86
Singapore	F	32	90
Stockholm	F	22	72
Strasbourg	F	25	77
Sydney	S	15	59
Taipei	C	34	93
Tangier	S	25	77
Tel Aviv	S	28	82
Tenerife	S	27	[redacted]
Tokyo	S	30	[redacted]
Toronto	S	17	[redacted]
Tunis	S	[redacted]	[redacted]
Valencia	C	[redacted]	[redacted]
Venice	S	[redacted]	[redacted]
Vienna	S	[redacted]	[redacted]
Warsaw	S	[redacted]	[redacted]
Washington	C	[redacted]	[redacted]
Zurich	C	[redacted]	[redacted]

Temperatures at [redacted] C-Cloudy Dr-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sunny Sl-Sleet Sn-Snow T-Thunder

THE LEX COLUMN

BP does it the hard way

The [redacted] striking part [redacted] BP's interim statement yesterday was not in the official announcement [redacted] all. Contrary [redacted] rumour, BP told the [redacted] bled [redacted] the company [redacted] not intend to [redacted] rights [redacted] in the [redacted] future. Given that a BP cash call would probably be for £2bn-plus, [redacted] come [redacted] the market [redacted] a whole. For BP's shareholders [redacted] a different question. In the [redacted] six months, BP's [redacted] on the conventional [redacted] gone from 57 per cent to 71 per [redacted] At this rate, [redacted] the [redacted] to fund the development [redacted] big new oil discov-[redacted] and at the same time [redacted] dividend rising?

[redacted] it [redacted] of [redacted] result of [redacted] rising dollar, [redacted] which most of its [redacted] is denominated. [redacted] has [redacted] pressing [redacted] with acquisitions, notably Petromed in Spain, while [redacted] planned [redacted] programme of $1bn-2bn this [redacted] pushed back into [redacted] But [redacted] remains [redacted] the first half, BP had no [redacted] flow from which [redacted] The picture [redacted] scarcely better on the earnings front, [redacted] the [redacted] half payment [redacted] only 0.6 [redacted]

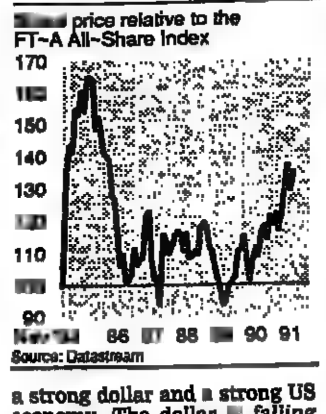
The [redacted] of [redacted] company's difficulty – [redacted] decision to buy back [redacted] Kuwaiti holding – is only partly [redacted] its own making. The holding, [redacted] all, [redacted] the [redacted] result of the botched UK government [redacted] in [redacted] But the result [redacted] without fresh capital, BP may have difficulty in raising its dividend in real terms unless the oil price rises. It is perhaps the less surprising that BP is considerably more bullish on the oil price than Shell.

[redacted] the [redacted] Shell's shares have outperformed BP's by some 25 per [redacted] that, BP's [redacted] premium over Shell has actually [redacted] from 2 [redacted] 1.3. In [redacted] words, [redacted] has outpaced BP's by even more than its share price. [redacted] the outlook, it might be [redacted] why any long-term investor would choose to be [redacted] BP [redacted] than Shell at all.

FT-SE Index: [redacted] (+3.2)

BT

[redacted] price relative to the FT-A All-Share Index



Source: Datastream

Markets

[redacted] is something faintly paradoxical [redacted] FT-SE's [redacted] through 2,600 yesterday. [redacted] motive force was of course Wall Street, which [redacted] close to [redacted] high because of falling US interest [redacted] But [redacted] UK companies, US earnings are dependent on a strong dollar and [redacted] strong US economy. The dollar [redacted] falling with [redacted] rates, which [redacted] falling [redacted] the [redacted] weak.

[redacted] nothing inherently wrong with [redacted] market responding [redacted] easing of policy and looking ahead [redacted] which it [redacted] intended to produce. This is, after all, precisely what is happening in the UK. But in the case of the [redacted] all [redacted] supposed [redacted] have happened already. A double dip in [redacted] poor [redacted] for a [redacted] bull market.

This [redacted] not necessarily mean [redacted] UK market is overvalued. [redacted] period when further [redacted] UK interest rates are on hold – and [redacted] D-Mark [redacted] if anything ominously strong – it may [redacted] hard [redacted] make further headway. The market [redacted] confi-[redacted] UK company chairmen [redacted] signs of [redacted] upturn. [redacted] far into [redacted] results season, it is pretty [redacted] it is not going to get it.

BT

The politics of regulation will [redacted] doubt loom [redacted] the next general [redacted] draws near. But despite yesterday's ritual calculation of BT's profit per second and the inevitable outcry which accompanied it, the shares [redacted] likely to be influenced by [redacted] and technical factors over the next [redacted] months. With the duopoly [redacted] of [redacted] the row over access charges resolved, [redacted] has had its [redacted] the moment. In any case BT's stock market performance should not be overstated. The company, [redacted] all, [redacted] only outpaced the [redacted] by [redacted] per [redacted] since flotation, [redacted] first day premium [redacted] left out [redacted] account.

[redacted] reason [redacted] that the [redacted] management was conspicuously slow to take a swing [redacted] BT's [redacted] Yesterday's first quarter pre-tax profits [redacted] of 11 per cent is [redacted] reminder [redacted] BT's chairman Mr Vallance [redacted] team have no such inhibitions. Around 25,000 jobs have been shed in the last 18 months and at least another 10,000 are set to disappear this year. Nor will that be the end of it. Only a little over half the £390m provision set aside for the Sovereign restructuring project in March 1990 has been used so far.

If a spur to get to grips with overheads were needed, it is certainly provided by dull volume growth. The 12 month rolling average rate of increase in inland calls has fallen from [redacted] June [redacted] to 3 per cent at the end of June this year. Growth in international call [redacted] dropped from 12 per cent to 5 per cent in the [redacted] period, though quarter [redacted] quarter the figure is more like 2 per cent.

The market will be looking closely for signs that the forthcoming price cuts can stimulate demand, while there may be more buying from institutions worried that they will be left underweight ahead of the Government sale. The shares have had a strong run this [redacted] though, [redacted] average yield is traditionally as much as [redacted] company will bear.

Sotheby's

It seemed apposite yesterday [redacted] the [redacted] saying that Sotheby's are auctioneers playing [redacted] being gentlemen while Christies are gentlemen playing at being auctioneers. Given the dreadful art market the US house did well to make a first half profit, even though the figures were swelled by a job lot of Matisses where Sotheby's acted as principal. The lower salary bill owes more to disappearing bonuses than smaller payroll numbers. But [redacted] if overheads in the art business cannot be slashed as radically as in engineering, the 40 per cent fall in direct costs shows that there is scope to replace the champagne with sparkling wine.

It will be next month before Christies says how it fared in the first half, the expectation being that it will do no better than break even after profits of £40m last time. The unanswered question for the market is whether the cycle will come back, or whether the Japanese buying in the 1980s was a phenomenon never to return.

FINANCIAL TIMES
COMPANIES & MARKETS
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INSIDE

Mixed second quarter for [illegible] and BP

Royal Dutch/Shell, the Anglo-Dutch oil group yesterday [illegible] per [illegible] decline in [illegible] income [illegible] £653m ($1.1bn) while British [illegible] unveiled a 10 per cent increase in [illegible] second-quarter pre-tax income [illegible] £313m. Page 24

Wal-Mart [illegible] again

Wal-Mart, [illegible] biggest US retail chain, [illegible] profits to [illegible] on [illegible] of $19.6bn. Page 21

Aer Lingus pre-tax profits fall

Aer Lingus, [illegible] state airline, [illegible] pre-[illegible] profits [illegible] ending March 31 [illegible] sharply [illegible] I£6.2m ($9.6m) from I£38.7m the previous year. Page 24

Smith & Nephew down 5%

Smith & Nephew, the international healthcare *products* [illegible] *yesterday reported interim* profits 5 per [illegible] down amid a sharp fall in consumer spending [illegible]. Pre-tax profits dropped [illegible] £59.3m ($100.8m) although sales rose 2 per cent at £364.2m. Page 24

Kleinwort recovers to £24.7m

[illegible] Benson, [illegible] UK merchant bank, [illegible] first-half pre-tax profits [illegible] £24.7m ($42m), although it [illegible] by continuing bad [illegible] provisions. The figures [illegible] improvement after [illegible] £90m [illegible] in [illegible] year's [illegible] half. [illegible] Peake, [illegible] (left), described the [illegible] "respectable". [illegible]

Breathing life into Istanbul

The Istanbul [illegible] market [illegible] by [illegible] groups, which [illegible] a shrewd [illegible] for short-term opportunities [illegible] regard [illegible] just [illegible] of [illegible] *making* [illegible] in a [illegible] and highly [illegible]ary environment. Following [illegible] sharp [illegible] in [illegible] values, the country's deputy prime *minister* [illegible] *finance* [illegible] *trying* to breathe fresh [illegible] into the [illegible] exchange. [illegible]

Ninja Turtles fight the market

The crime fighting Teenage [illegible] Ninja Turtles [illegible] encountered [illegible] adversary – [illegible] Hong Kong stock [illegible]. *Shares in Playmates* Holdings, which markets the Turtles, fell 9 [illegible] cent yesterday [illegible] the [illegible] announced an 8 [illegible] in interim net profits. The figures were within expectations, but disappointed a [illegible] which [illegible] to *Playmates* announcing six-fold [illegible] *in profits* [illegible] storm in 1989. Page 21

EMAP buys 3 Murdoch titles

EMAP, [illegible] UK magazine, newspaper [illegible] exhi-[illegible] group, [illegible] purchased three [illegible] *from Murdoch Magazines for* [illegible] ($17.1m). Page [illegible]

Market Statistics

Companies in this issue

Chief [illegible] changes yesterday

FRANKFURT (DM)

Rises			
BMW (Br)	[illegible]	+	[illegible]
Continental AG	206	+	8
DLW	[illegible]	+	13
Varta	339	+	[illegible]
Wella Prf	692	+	8
Falls			
Kaufhof	467	−	8

NEW YORK ($)

[illegible]	$4\frac{5}{8}$	+	$2\frac{1}{8}$
Chemical Bank	27	+	$\frac{7}{8}$
Manuf Hanover	$30\frac{1}{2}$	+	$1\frac{3}{8}$
Tenneco	$42\frac{1}{8}$	+	$2\frac{1}{4}$
Wells Fargo	$73\frac{5}{8}$	+	[illegible]
Falls			
HAL	$7\frac{1}{8}$	−	$1\frac{1}{2}$

New York prices as at 12:30.

PARIS (FFr)

Rises			
Bancaire Cie	522	+	[illegible]
Chargeurs	760	+	[illegible]
[illegible]	233.6	+	7.7
Rhone Poulenc	376.1	+	12.1
Falls			
Radiotechn	485.5	−	17.5
Skis Rossignol	676	−	14

TOKYO (Yen)

Rises			
Seirei Ind	1140	+	80
Sekonic	595	+	35
Tokyo Kisen	1400	+	100
Falls			
Fuji	800	−	70
[illegible]	736	−	[illegible]
[illegible]	720	−	[illegible]

LONDON (Pence)

Rises			
Airtours	[illegible]	+	[illegible]
Albrighton	34	+	[illegible]
Avon Rubber	274	+	8
BOC Group	586	+	11
Beazer	91	+	10
Firth (GM)	25	+	[illegible]
GKN	360	+	11
[illegible]	[illegible]	+	[illegible]
Photo-Me	175	+	[illegible]
Racal Telecom	335	+	10
Wickes	52	+	3
Yorks Chem	[illegible]	+	11
[illegible]	122	+	[illegible]
Falls			
[illegible]	$5\frac{1}{2}$	−	2
CLF Yeoman	[illegible]	−	5
Greycoat	[illegible]	−	9
Invicta	89	−	3
[illegible]	$39\frac{1}{2}$	−	[illegible]
Lloyds Bank	[illegible]	−	5
[illegible] A	[illegible]	−	[illegible]
[illegible] Group	111	−	9

SKF profits fall 95% to SKr63m

By Robert Taylor in [illegible]

SKF, [illegible] world's leading roller bearings manufacturer, [illegible] a [illegible] per cent drop in its [illegible] months' profits (after financial items) to [illegible] ($10.1m), from SKr1.34bn [illegible] the same period last year. However, it [illegible] a slow recovery in performance during the [illegible] half [illegible] year.

In the second quarter of [illegible] year, the company's profits were only SKr4m, compared with SKr622m for [illegible] April/June period [illegible].

Over [illegible] first six months, [illegible] declined 6.3 per [illegible] from SKr14.707bn. There was a loss of SKr2.60 [illegible] earnings per share, compared with [illegible] earnings gain per [illegible] in [illegible] first six [illegible] of last year.

In spite of the [illegible] figures, [illegible] company [illegible] it [illegible] heading [illegible] "the right direction". [illegible] predicted that its profits performance [illegible] the [illegible] half [illegible] would [illegible] broadly [illegible] to [illegible] year's [illegible] same period, [illegible] the company made a profit of [illegible] in the [illegible] quarter [illegible] a loss of SKr28m in [illegible] fourth quarter.

[illegible] cautious optimism stems partly from the first signs of a revival in demand for its products in the US, as well as savings from its rationalisation programme begun last winter.

The company has cut production levels by 20 per cent since 1990 and slimmed [illegible] labour force by around 5 per cent. The [illegible] savings made in the [illegible] half of the year will ease SKF's position in the second half.

[illegible] rolling bearings [illegible] a particularly sharp drop in profits (after financial [illegible]) in [illegible] half of [illegible] to SKr159m, compared with [illegible] same period [illegible] year. [illegible] down [illegible] SKr11.01bn from SKr11.79bn.

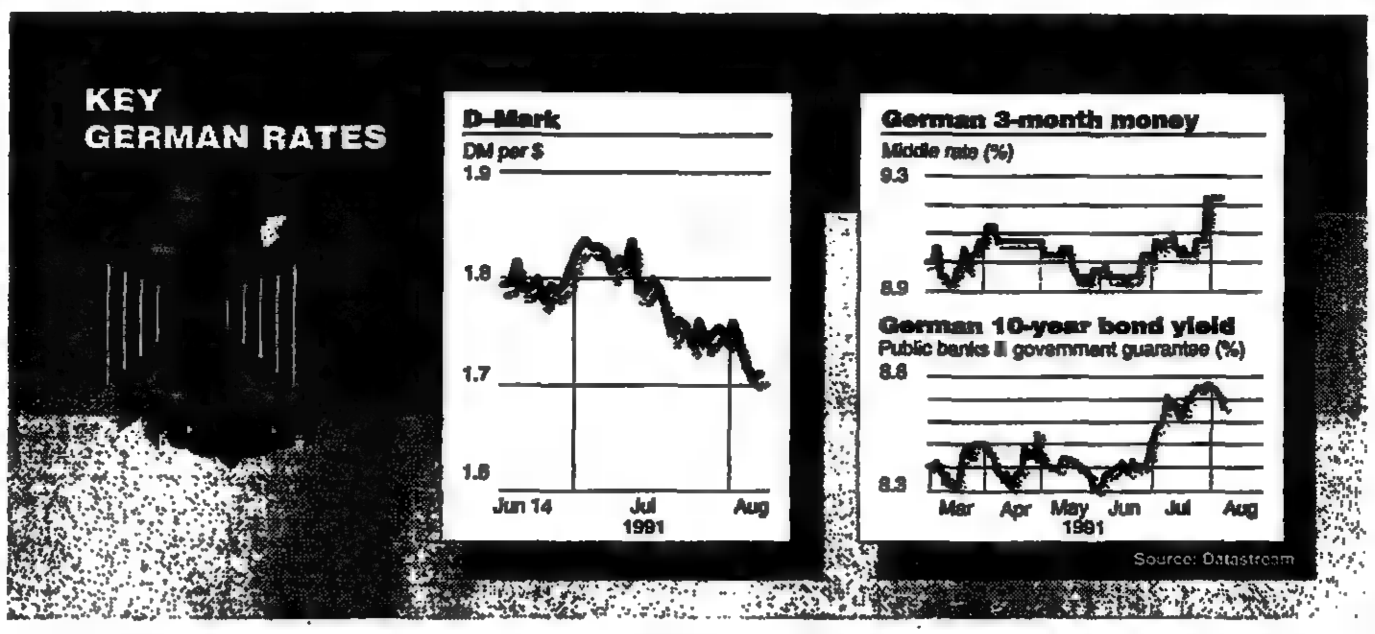
[illegible] tools division, [illegible] made [illegible] actual [illegible] in [illegible] months, compared with a profit [illegible] for [illegible] period [illegible] year, mainly [illegible] in [illegible] UK and Sweden. However, [illegible] a sharp increase in [illegible] over [illegible] first half, to [illegible] from SKr703m, mainly [illegible] recent acquisitions [illegible] Gunther in Germany and Union Butterfield in [illegible] US.

The company's components [illegible] business suffered a [illegible] of SKr30m, compared with a [illegible] profit [illegible] the first half of last [illegible].

SKF said [illegible] a prolonged decline, [illegible] bookings for [illegible] machinery components and oil [illegible] had improved.

Europe's eyes on the Bundesbank

The fortunes of currency and bond markets depend on the imminent path of German interest rates, report Katharine Campbell and Sara Webb



AS Bundesbank council members return [illegible] holiday [illegible], speculation [illegible] a rise in [illegible] interest [illegible] building to fever-pitch. [illegible] expect a [illegible] in rates [illegible] early [illegible] August 15, the [illegible] policy [illegible] and the [illegible] under [illegible] presidency [illegible] Helmut Schlesinger.

The [illegible] is clearly [illegible] to [illegible] swiftly [illegible] inflation, [illegible] rose [illegible] per cent in July. [illegible] has also given [illegible] clear signals in [illegible] that an [illegible] on the cards.

The [illegible] participants' question [illegible] the bank will move the [illegible] rate, the Lombard [illegible], or both, [illegible] by how much. The [illegible] rate, [illegible] the price at which [illegible] central bank buys in eligible bills from the banking [illegible] cally [illegible] as [illegible] floor for inter-[illegible] the Lombard [illegible]ity provides [illegible] borrowing [illegible] tions at what is supposed [illegible] a punitive [illegible].

Depending on [illegible] decision, [illegible] impact on all European currency [illegible] government [illegible] be [illegible]. [illegible] various possibilities [illegible] below.

■ The Bundesbank leaves both the Lombard and discount rate unchanged.

[illegible] only [illegible] for [illegible] a decision [illegible] be a desire to [illegible] for August inflation data. Leaving [illegible] rates unchanged would [illegible] news for the D-Mark and the German [illegible]ment bond market, with expectations running [illegible] high. [illegible] possibility of a rate increase has already [illegible] the [illegible] against the dollar and within the EMS. Whereas the dollar dipped briefly below DM1.70 in early trading yesterday, it [illegible] quoted [illegible] when [illegible] Bundesbank last met on July 11.

If rates are left unchanged, the D-Mark could fall quite sharply against the dollar and [illegible] currencies. Any initial signs of relief in the bund market would probably be overtaken by worries [illegible] rising inflation, [illegible] yields would consequently rise. [illegible] some analysts forecasting inflation [illegible] high as 5 per cent by the end of 1991, the bund market wants a clear signal that the Bundesbank will curb inflation.

Leaving rates unchanged would probably be greeted with *relief by other European bond* [illegible], particularly the [illegible]. The French government [illegible] angling to cut the [illegible] rate, but has held back from doing so by the franc's weakness. France might cut the rate soon if German rates are left unchanged, a view which has prompted some investors to buy French government bonds recently.

● The second possibility is that the Bundesbank decides to raise *the discount rate (now 6.5 per* cent) and leave the Lombard rate unchanged at 9 per cent.

Mr Karl Thomas, Bundesbank director, this week stated that a discount rate [illegible] was "long overdue" but was cagey about a Lombard [illegible], saying [illegible] depended on [illegible] developments over the [illegible].

Officials have been trying to pass off a discount move as purely technical because of the *benchmark's diminished significance*. Mr Hermann Remsperger, chief economist at BHF Bank in Frankfurt, pointed out that such a move would have consequences for the real economy because the price of bank short-term credits to industry would inevitably rise.

The currency markets have worked themselves up to such a pitch that [illegible] to move [illegible] Lombard rate, even if the [illegible] count [illegible] were [illegible] up a *point, might also* [illegible] the D-Mark.

■ A third possibility is that the central bank decides to push both rates up. Nudging the discount and Lombard rate up by 50 basis points is unlikely given that it does not reduce the corridor, one of the main goals. A more probable configuration would be a full point on the discount and a half [illegible] on the Lombard rate. This would [illegible] initially [illegible] higher *bund prices*.

Raising the Lombard [illegible] would push up [illegible] interest rates in France, Denmark and the Benelux countries, and possibly delay further cuts in the UK base rate if sterling weakens.

While market rates would inevitably rise in France, the Bank of France would probably try to resist raising the intervention rate, now at 9 per cent. However, it might have to follow the Bund*esbank's lead if the franc weak*ened, [illegible] would inevitably [illegible] to a [illegible] in [illegible] government [illegible] prices.

● Finally, [illegible] Bundesbank could [illegible] Lombard [illegible] by a full point, with the discount [illegible] probably being [illegible] by 1.5 percentage points.

This would be seen [illegible] drastic action, which [illegible] would prompt heavy selling of short-dated bonds. The 10-year *end might dip in shock initially*, but would probably then sustain a modest rally. The result would be a considerable inversion of the yield curve.

The higher the rise in the Lombard rate, the greater the impact on the D-Mark. A rise of 1 percentage point could easily send the dollar back to the mid-DM1.80s. However, it would [illegible] mean that [illegible] French would almost certainly have to raise [illegible] *to a fall* in French [illegible] bonds – and a clouding in [illegible] monetary [illegible].

Sotheby's hit by slump in art market

By Clare Pearson in London

THE SLUMP in the art market meant taxable income [illegible] Sotheby's Holdings, [illegible] international auctioneer listed in London [illegible] New York, collapsed to just $9.12m in the six months to end-June, compared with $117.1m for the same period last year.

However, Sotheby's [illegible] it believed the bottom [illegible] the art market cycle had [illegible] reached. This [illegible] was based on the performance [illegible] a number [illegible] market [illegible] during [illegible] spring [illegible], the flow of items for [illegible] and greater price stability in the Contemporary market.

Recent [illegible] at Sotheby's - and [illegible] rival [illegible] International - [illegible] largely [illegible] the mar-[illegible] for modern and Impression-[illegible] paintings, [illegible] boomed in [illegible] late [illegible] have dried up.

Mr Michael Ainslie, chief executive, said the spring [illegible] Contemporary [illegible] showed [illegible] the speculative [illegible] had evaporated and [illegible] seen [illegible] and rapid adjustment [illegible] the new price levels."

He [illegible] 1990 [illegible] had [illegible] achieved during the [illegible] market's peak period. The [illegible]pany had remained profitable *this* [illegible] *thanks* [illegible] *management* [illegible] cutting marketing [illegible] expenses, Sotheby's had imposed a [illegible] on pay and on hiring.

The second quarter dividend is being maintained at $0.15. Taxable income in that period was $17.65m ($107.16m). Auction revenues [illegible] $68.12m [illegible] in [illegible] quarter and $94.01m ($219.19m) [illegible] months.

First-half auction income of $7.52m ($115.78m) was struck [illegible] a fall in operating [illegible] ($124.94m) [illegible] lower interest charges [illegible] $5.35m ($8.45m).

Worldwide sales were $537m, a third of the 1990 total, during the first half. During the period decorative arts, books and jewellery together took over from paintings as the main source of sales, accounting for 55 per cent of the total.

The paintings sector, which fell as a proportion from 67 per cent to 45 per cent, suffered both in terms of prices, which fell significantly, and supply. Sotheby's said that, as in previous recessions, fewer works had come up for sale, and their quality had diminished.

Of non-auction activities, [illegible]erty improved its contribution to $569,000 ($90,000). Financial services declined to $3.98m ($5.11m). Earnings per share were $0.10 ($1.22).

Lex, Page 16

KLM rises to Fl 135m on increased traffic revenues

By Ronald van de Krol in [illegible]

KLM ROYAL Dutch Airlines has posted an unexpectedly l[illegible] increase in first-quarter results, thanks mainly [illegible] a sharp [illegible] in traffic revenues in spite of [illegible] lingering [illegible] of the Gulf [illegible].

[illegible] profit [illegible] three months to June 30 rose [illegible] Fl [illegible] ($70.4m) from Fl 41.4m in the [illegible] period of 1990.

KLM, [illegible] heavy [illegible] in [illegible] full [illegible] year, [illegible] the first-quarter gains mainly to a [illegible] rise in [illegible] revenues, favourable [illegible]rency movements and [illegible] client scheduling [illegible].

By trimming unprofitable [illegible] and adjusting aircraft frequencies [illegible] other [illegible] the airline has [illegible] revenue, but [illegible] numbers remain l[illegible] far This year, the airline halted Amsterdam [illegible] in Germany, and [illegible] the [illegible] city of Maastricht. Last year, it eliminated flights to the Turkish cities of Ankara and Izmir.

In the first quarter, passenger traffic rose 3 per cent, while provisional figures for July showed a rise of only 2 per cent.

The Dutch national carrier, which is 38.2 per cent government-owned, said that cost-cutting efforts launched in 1990 were now starting to show through in its results. Operating costs rose 4 per cent to Fl 1.79bn in the first quarter, well below the 13 per cent increase in total revenue to Fl 1.88bn.

The biggest increase in costs was KLM's fuel bill, which rose 15 per cent in guilder terms compared with early 1990.

Overall, productivity improved 4 per cent, the company said. KLM's share price surged on the figures, closing up Fl 2.10 at Fl 31, a rise of 7.2 per cent on Wednesday's close.

The first-quarter figures include book profits of Fl 62.7m on the sale of aircraft, compared with Fl 42.8m in book profits a year ago.

Following its initial successes in trimming costs, KLM said: "The introduction of further measures toward structural improvement of the result will be continued unabated."

The airline is trying to reduce annual operating costs by Fl 955m as part of efforts to raise productivity by 7 per cent per year over the next three years.

KLM omitted its 1990/91 dividend in June after it posted a net loss of Fl 630m. About half of this loss was because of restructuring. The airline said it was impossible to predict full-year results at this stage.

BT advances 11.3% in first quarter

By Paul Abrahams in London

BT, the UK telecommunications group, yesterday announced an 11.3 [illegible] cent rise in [illegible] first-quar[illegible] pre-tax profits [illegible] to [illegible] ($1.4bn). The results, [illegible] the [illegible] for privatisation of about half the government's [illegible] per cent [illegible] in the group.

[illegible] company described the results as "sound". [illegible] Romeril, BT's [illegible] director, said that they were achieved largely by emphasising cost [illegible]trol [illegible] reducing interest charges. However, spokesmen for [illegible]position political parties critic[illegible] the results. Ms Joyce Quin, [illegible] party trade and industry spokeswoman, said they [illegible] BT's lack [illegible] commitment [illegible] improving value for money [illegible].

Mr [illegible] Carlile, Liberal Democrat spokesman, said the figures were a telling indictment of the government's approach to privatisation. The only reasonable response was to break up BT at the earliest possible juncture.

Operating [illegible] increased [illegible] per cent, as [illegible] were held [illegible] 1.3 [illegible]. That had [illegible] by [illegible] reducing [illegible] numbers, Mr Rom[illegible] *Capital* [illegible] from [illegible].

Turnover [illegible] only [illegible] per cent from [illegible] to [illegible]. Mr [illegible] said [illegible] signs that the downturn *was slowing, but there* [illegible] indications [illegible] an [illegible] upturn during [illegible] quarter. [illegible] would be dependent on the [illegible].

The volume [illegible] inland telephone *calls* [illegible] *only* 3 per cent on a 12-month moving [illegible], compared with [illegible] last year. International volumes increased by 5 per cent (12 per cent). Revenue from inland calls was 5.2 per cent higher than the *same period last year*, while international revenues were unchanged. Mr Romeril expected recent reductions in international tariffs to increase volumes.

Sales of equipment, which fell *by 9.5 per cent from £337m to* £305m, were heavily affected by the recession. Most consumers found such expenditure discretionary, Mr Romeril said.

Earnings per share increased *10.2 per cent from 8.1p to 9p*.

Mr Iain Vallance, BT's chairman, said that the figures had been achieved against a background of difficult economic conditions and increasing competi*tion. There had also been low* growth in demand for the group's products and services.

WPP gloomy [illegible] first-half profits fall to £15.99m

[illegible] Alice Rawsthorn in London

WPP, the world's largest marketing services group, fell victim to the depressed state of the US and UK advertising markets with pre-tax profits down [illegible] in the first half.

Mr Martin Sorrell, group chief executive, said the [illegible] "extremely disappointing" and warned there was "absolutely no evidence [illegible] an upturn" in market conditions for [illegible] second half.

The gloomy trading statement fueled stock market [illegible]ulation [illegible] WPP, which [illegible]lier this year completed an [illegible] financial restructuring package, may be in [illegible] of breaching its banking facilities and might [illegible] be forced to stage a rights [illegible]

Mr Neil Blackley, advertising analyst at James Capel in London, [illegible] the [illegible] time for WPP would be the seasonally weak months of August [illegible] February, when its working capital requirements were highest. He [illegible] it was an "even bet" as to whether the group would [illegible] able to stay within its facilities.

WPP's shares, which have fluctuated in [illegible] weeks on [illegible] of [illegible] rights issue, fell by 9p [illegible] 120p [illegible] yesterday's announcement.

During [illegible] half WPP, which owns the J. Walter Thompson and Ogilvy [illegible] Mather advertising agencies, was [illegible] by [illegible] downturn [illegible] some major markets including Australia, Brazil, Japan, the [illegible] and the UK.

It also suffered from the instability [illegible] by the Gulf war.

Mr [illegible] said [illegible] advertising, public [illegible] and design were the worst-affected [illegible] Market [illegible] and direct marketing [illegible] relatively resilient.

Group turnover fell to £2.35bn from [illegible] and [illegible]nue [illegible] £581.66m from [illegible] in the six months [illegible] June 30.

[illegible] paid £32.1m against £21.9m in interest on [illegible] net debt – £11m higher than in the same period last [illegible]

WPP said it had traded within its banking [illegible] during [illegible] first half.

Operating margins fell [illegible] 10.4 [illegible] during the first half. JWT Group, which includes [illegible] Hill [illegible] Knowlton public relations network, saw operating margins slip to 7 per cent. Ogilvy Group's margins fell to [illegible] cent.

Earnings per share fell to nil from 42p.

As expected, the group will not [illegible] dividends on its ordi[illegible] or convertible preference shares.

Mr Richard Dale, media analyst [illegible] Court in London, forecast a fall in full-[illegible] pre-tax profits from £90m to [illegible]

Ciba-Geigy buys Japanese stake

[illegible] William Dullforce in Geneva

CIBA-GEIGY, the biggest [illegible] Swiss chemicals [illegible] bought [illegible] of Tomono Nohyaku, [illegible] Japanese manufacturer of plant protection products, [illegible] aimed at achieving greater penetration of [illegible] Japanese market. The price was not disclosed.

Under [illegible] signed in Tokyo [illegible] Wednesday the [illegible] companies will co-operate in developing and marketing products for the domestic market.

Tomono Nohyaku, [illegible] family owned concern, has 115 employees [illegible] achieved [illegible] turnover [illegible] more [illegible] SFr65m (US$43.3m) last year. It produces applications mainly for fruit and vegetables.

The Swiss [illegible] will inject research [illegible] Japanese company, which [illegible]rently [illegible] on formulating and marketing products. The two companies complemented [illegible] other excellently in environmental protection and customer services, Ciba-Geigy said.

Plant protection [illegible] a [illegible] in which Ciba-Geigy has [illegible] expanding. Last year [illegible] acquired the Maag company [illegible] Roche, [illegible] of the [illegible] Swiss chemical [illegible] pharma[illegible] in [illegible]

According [illegible] Ciba-Geigy [illegible] worldwide market for plant protection products amounts [illegible] $20bn [illegible] year, with Japan accounting for about [illegible] per [illegible]

[illegible] protection is [illegible] biggest operation in Ciba-Geigy's agri-chemicals [illegible] which [illegible] year [illegible] sales [illegible] SFr4.1bn.

[illegible] month [illegible] group announced that it was [illegible] organising its operations [illegible] Japan where in 1990 [illegible] to roughly SFr120m, about half [illegible] which [illegible] pharmaceuticals.

Amic posts earnings fall at midway

ANGLO AMERICAN Industrial Corporation (Amic), the industrial arm of the giant Anglo American conglomerate, [illegible] reported [illegible] sharp drop in earnings for [illegible] six months [illegible] June, [illegible] Philip Gawith in Johannesburg.

vsd dl The [illegible] per cent decline in earnings to 333 cents per [illegible] poor [illegible] of main subsidiaries which have reported recently. [illegible] and Highveld Steel, which last year contributed [illegible] per [illegible] of Amic's profits, reported interim profits down [illegible] cent and [illegible] per [illegible] tively.

Amic's turnover rose by [illegible] per [illegible] to [illegible] while [illegible] from operations [illegible] per cent down [illegible] R211m. Attributable earnings declined 25 per cent [illegible] R182m (US$63m).

Mr [illegible] Boustred, chairman, said [illegible] results [illegible] the performances [illegible] Highveld and AECI "and the [illegible] difficult trading conditions [illegible] experienced by our [illegible] companies".

Du Pont stretches its European strategy

Charles Leadbeater, Industrial Editor, examines the progress of the US oil and chemicals group towards becoming [illegible] truly global company

The diehards in Wilmington, Delaware, will be flicking the pages of their atlases and scratching their heads. For Du Pont, [illegible] which is the heart of the town, [illegible] starting to act very strangely.

It all started about [illegible] ago with the arrival of Mr Edgar Woolard Jnr [illegible] chief executive. He has launched a campaign to rid the [illegible] oil and [illegible] group of its reputation for encrusted bureaucracy and inbred insularity.

The Woolard campaign took [illegible] big step forward this week, in the [illegible] claiming another Du Pont shibboleth. A large chunk [illegible] Du [illegible] corporate power [illegible] being handed [illegible] a European who works in Geneva, Switzerland.

Mr David Williamson, [illegible] British president of Du Pont Europe, [illegible] the [illegible] of becoming the [illegible] senior non-North American [illegible] known. [illegible] the [illegible] of this month he will become vice-president of Du Pont's global agricultural products division. It [illegible] time that [illegible] entire Du Pont division has been headquartered [illegible] the [illegible]

Just as significantly Mr Williamson, [illegible] will retain [illegible] post [illegible] of [illegible] company's European operations, will join [illegible] company's 23-strong operating group, [illegible] the group's global strategy. [illegible] is [illegible] first European [illegible] be [illegible] sanctum [illegible] Du Pont's [illegible] management.

Mr Williamson's move [illegible] the latest in [illegible] series of initiatives launched by Mr Woolard [illegible] infuse its management with greater [illegible] and higher international ambitions.

Du Pont [illegible] not [illegible] among chemical companies in seeking such changes and is not the [illegible] travel this route. Indeed the Du Pont changes are remarkably similar [illegible] those underway at ICI, the British chemicals combine.

ICI recently rejigged its senior management by setting up [illegible] performance and policy committee [illegible] senior executives. Mr Woolard [illegible] disbanded [illegible] all-powerful Du Pont executive committee and replaced it with [illegible] small four-man [illegible] dubbed "office [illegible] the chairman".

ICI [illegible] spending [illegible] on [illegible] cutting which should improve profits by £400m in 1994. Du Pont last month announced an efficiency drive costing about $500m in [illegible] to yield an estimated $1bn.

Du Pont has [illegible] further with corporate reshaping. While ICI [illegible] still considering partners for [illegible] pharmaceuticals business, [illegible] Pont [illegible] threw its entire drugs operation [illegible] joint-venture [illegible] Merck, [illegible] leading [illegible] pharmaceuticals group.

Finally, [illegible] Mr Williamson's appointment, Du Pont [illegible] starting [illegible] internationalise [illegible] management, [illegible] ICI started some [illegible]

The [illegible] for Du Pont [illegible] in [illegible] Its non-US [illegible] have grown [illegible] than [illegible] domestic market. The [illegible] been [illegible] by the way the US [illegible] cut into Du Pont's profits.

David Williamson: invited into group's inner sanctum

Mr Williamson's job will [illegible] to persuade Wilmington [illegible] of the [illegible] of change required [illegible] Du Pont [illegible] become [illegible] truly global company.

First, his job [illegible] president [illegible] Du Pont Europe will [illegible] on [illegible] significance as invest[illegible] US [illegible] Mr Williamson [illegible] "For a global [illegible] have not yet [illegible] the proper balance of resources."

The European region [illegible] Du Pont's turnover in its non-oil [illegible] chemicals and specialities, and [illegible] larger [illegible] of [illegible] taxable profits. Yet although *Europe's businesses* [illegible] higher margins than the US operations [illegible] only [illegible] 10 [illegible] Du Pont's spending [illegible] research.

Mr Williamson [illegible] "We have got [illegible] do more research in Europe to [illegible] products [illegible] customers' demands."

Second, [illegible] agricultural division [illegible] a prime example of [illegible] to get [illegible]ers.

Du Pont [illegible] number *one* in *agricultural chemicals* [illegible] the [illegible] But [illegible] behind [illegible] competitors in Europe, the world's largest market for crop protection.

Mr Williamson [illegible] "To be globally effective we have to be strong in all the main regional markets. [illegible] have to do a lot *better in Europe.* [illegible] is where our main customers and main competitors are. The managers making the key decisions need to be in this [illegible]ronment."

The length of the management chain stretching from salesmen visiting farms in the heart of central Europe, to [illegible] and executives in Wilmington, [illegible] made Du Pont less responsive to market changes than it should be, Mr Williamson [illegible]

Third, Mr Williamson hopes to have an influence [illegible] Du Pont's general strategy by providing a European perspective on the [illegible]perating group.

He says: "It will be my job to provide a different [illegible] on broad [illegible] such as how people outside North America [illegible] respond [illegible] corporate strategies; [illegible] question investment priorities; to help identify [illegible] strengths [illegible] foreign competitors; [illegible] analyse disparities in regulatory [illegible] between [illegible]ngton and Brussels."

Du Pont's [illegible] exciting modern product is Lycra, a [illegible] dresses, shorts, swimsuits and leisure wear a new image of lean, tight fitting dynamism. If Mr Woolard and Mr Williamson have their way Du Pont's management will take on more and more [illegible] Lycra's characteristics.

BOC's 9% decline reflects exchange rates

[illegible] Clare Pearson [illegible] London

BOC, [illegible] industrial [illegible] care [illegible] suffered a 9 per [illegible] in [illegible] nine months [illegible] June 30, largely reflecting [illegible] impact [illegible] currency movements.

The [illegible] which [illegible] average exchange [illegible] for translation, [illegible] that on a constant currency [illegible] turnover and operating profits would [illegible] been up by 6 per cent and 2 per cent respectively.

[illegible] profits were down [illegible] from £258m [illegible] turnover of £2.07bn against £2.11bn.

In the third quarter, profits slipped slightly from £87.8m to [illegible]

The [illegible] said [illegible] had not seen "any upturn in most of the key [illegible] in which it operated.

In [illegible] conditions, [illegible] business [illegible] had [illegible] to perform reasonably well."

The [illegible] also [illegible] from an increased [illegible] charge of [illegible] against [illegible] arising [illegible] the acquisition of [illegible] minority [illegible] in CIG, the Australian industrial [illegible] company, and higher capital spending.

Earnings per share fell to 31.8p from 37.18p after [illegible] tax charge [illegible] 32 per cent, against 27 per [illegible] in the previous [illegible]

The divisional results were affected by [illegible] change in accounting [illegible] corporate costs, which, [illegible] separately, [illegible] down [illegible] from £10.3m. The [illegible] products division reported operating profits of [illegible] against [illegible] of £1.44bn against £1.5bn. The company [illegible] that [illegible] prices and margins were stable.

Overall [illegible] in [illegible] merchant liquid market continued [illegible] with markets in [illegible] North [illegible] still buoyant.

Health care [illegible] ahead [illegible] £89.1m from £67.3m [illegible] sales of £421m against £410m.

BOC noted that pharmaceuticals performed [illegible] well and [illegible] equipment [illegible]rily, but the US home health care [illegible] continued to incur losses.

Trading [illegible] also poor [illegible] and distribution business. It contributed [illegible] against [illegible] operating level, [illegible] though turnover grew to £200m [illegible] £187m. This largely [illegible] lower demand for [illegible] technology.

By region, Europe [illegible] for 47 per [illegible] pre-tax profits, Africa 14 [illegible] cent, [illegible] 19 per cent, and Asia and the Pacific region [illegible] per [illegible]

Group net borrowings and [illegible] rose [illegible] £657.3m [illegible] September [illegible] would [illegible] been about constant [illegible] for [illegible] CIG acquisition and [illegible]

Reebok seeks 'pump' ruling

REEBOK International, the US sports [illegible] group, has asked for [illegible] preliminary injunction against [illegible] partner which [illegible] involved in creating pump technology, claiming Design Continuum gave trade secrets [illegible] makers [illegible] pump [illegible] ball glove, AP-DJ reports.

Design Continuum co-developed [illegible] built-in [illegible] pump and release design for Reebok's Pump athletic [illegible] line. It worked with Spalding Sports Worldwide [illegible] Flex [illegible] glove, which fea[illegible] a similar [illegible] that molds the glove to the wearer's hand.

Reebok [illegible] Design Con[illegible] breaking [illegible] the [illegible] from revealing technology developed in the making of the pump.

INTERNATIONAL COMPANIES [redacted] CAPITAL MARKETS

Wal-Mart maintains its steady [redacted]rowth pattern

By Nikki Tait in New York

WAL-MART, the [redacted]-growing US discount retailer, continued its relentless growth pattern during the six months [redacted] end-July, notching [redacted] after-tax profits of $652.8m on [redacted] $19.6bn. This compares with $526.4m and $14.3bn respectively in the first half of 1990.

In the second quarter alone, Wal-Mart – which has grown from one general [redacted] Arkansas 30 years ago to become the nation's [redacted] chain – [redacted] sales [redacted] $10.3bn, against $7.54bn and net profits of [redacted] against [redacted]

The improvement came despite interest charges up from [redacted] to $116.9m in the first half [redacted] from $38.4m [redacted] in the second quarter.

At the earnings per share level, Wal-Mart [redacted] from [redacted] to 57 cents [redacted] and 24 cents to 30 cents for the May-July period.

Wal-Mart said that "same store sales" increased by 11 per cent in the first half, with a further part of the overall 37 per cent increase resulting from the continued expansion of selling space.

During the second quarter alone, Wal-Mart opened another [redacted] stores, together with [redacted] additional Sam's Clubs. These are "wholesale"clubs, catering for the most basic end of the discount market. The company has now added 10.7m sq ft of selling space this year, split almost evenly between the two quarters.

As [redacted] result, [redacted] over 1,600 [redacted] and 184 Sam's Clubs, plus four Hypermarket USA units. Yesterday, Mr David Glass, president, said that the "solid" [redacted] half performance should allow the company to meet its sales and earnings goals for the rest of the year.

● Wal-Mart figures coincided with news of drab July sales at K mart, another of the top three US retailers. The Michigan-based company said sales increased by 4.7 per cent in July, but like-for-like sales were only 0.4 per cent ahead, with the weakness partially blamed on "a reduced amount of seasonal merchandise available for clearance sales".

It said that this would affect second-quarter earnings, but predicted the figure would still top last year's 74 cents a share – thanks to a reduced last-in-first-out charge and strong sales early in the quarter.

Elsewhere, July sales figures suggested a very marginal improvement from the June levels.

Brascan dives 81% in quarter

By Bernard Simon in Toronto

[redacted], a key holding company in [redacted] controlled by Toronto's Bronfman brothers, has blamed the recession, low commodity prices and the strong Canadian [redacted] for an 81 per cent dive in second-quarter profits.

[redacted] company's [redacted] include the resource [redacted] financial institution Royal Trust and consumer products group John Labatt.

It warned that while cost-cutting would help its subsid[redacted] long-term [redacted] earnings will not return [redacted] a "satisfactory level" until commodity prices improve and the value of the Canadian dollar is allowed to drop.

Second-quarter earnings tumbled to C$9.8m or 1 cent a share from C$52.5m (US$45.6m) or 49 cents a year earlier. Group revenues dipped to C$2.42bn from C$2.66bn. First-half earnings were down 78 per cent to C$21.4m.

Almost all Brascan-con[redacted] suffered reversals this year. The handful of exceptions include London Life, [redacted] leading insurance group, and Royal LePage, a real estate brokerage.

Brascan itself and several of its subsidiaries have raised new equity in the past six months to improve their balance sheets. Noranda, Labatt and the US mining group MA Hanna have between them also raised close to C$1.2bn through various asset sales.

Good year for Procter & Gamble

PROCTER & Gamble, the large US consumer products [redacted] made profits after tax of $1.77bn in the year to end-June, a 10.7 per cent improvement on the previous 12 months, Nikki Tait writes.

Fully-diluted earnings per share were $4.62, up from $4.27. Sales rose by 12.2 per cent, to $27bn.

In the final quarter, P&G made $304m after tax, 7 per cent up on the same period of 1990. Sales rose 8.1 per cent to $6.72bn, and fully diluted EPS 1.3 per cent to 76 cents.

Australian Woolworths up 25% to A$209.5m

PRE-TAX profits at Australian retailer Woolworths rose 25.5 per cent to A$209.5m (US$163.6m) in the year to June 23, 1991, the company said yesterday. The figure for the previous year was A$166.9m, Reuter reports from Sydney.

Woolworths, owned jointly by The Adelaide Steamship Co and associates David [redacted] Tooth and Co, [redacted] sales [redacted] 11.12 per cent to A$8.27bn from A$7.45bn.

[redacted]n view of the [redacted] which prevailed throughout the year and the lower rate of inflation, the result was considered satisfactory," said Mr Paul Simons, the chairman.

Woolworths main competitor, Coles Myer, lifted sales 1.5 per cent in the year to July 27 to A$14.94bn.

Mr Simons said that Woolworths was well placed to weather the recession, which is expected to continue well into 1992.

"The primary problems for retailers in the next 12 months will be the high level [redacted] unemployment and consequent reduction in spending power," he added.

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 6:10 pm on August [redacted]

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
[illegible]					

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
[illegible]					

FLOATING RATE NOTES	Issued	Bid	Offer	C.cpn
[illegible]				

CONVERTIBLE BONDS	Conv. price	Bid	Offer	Prem.
[illegible]				

* No information available - previous day's price
† Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (three-month [redacted] above mean rate) for US dollars. C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Playmates' 8% rise disappoints market

By Angus Foster in Hong [redacted]

HONG [redacted]ONG may have lost faith in its latest success story, the crime fighting Teenage Mutant [redacted] Turtles marketed by Playmates Holdings.

Playmates shares fell 9 per [redacted] yesterday, to HK$5.15, [redacted] the company announced an 8 per cent increase in interim net profits [redacted] HK$379.9m (US$49m).

[redacted] figures were within expectations, but disappointed a market which has become used to Playmates announcing six- or seven-fold increases in profits since the Turtles took the US by storm in 1989.

Mr Thomas Chan, managing director, said the market overreacted. He pointed out most of Playmates' profits were made in the second half of the year, ahead of the important Christmas sales season.

Analysts still predict Playmates will better last year's full-year earnings [redacted] HK$1.22bn.

Mr Chan said the results were encouraging, given that the six months to the end of June coincided with the Gulf war and recession in Playmates' biggest markets.

The company had built up HK$1bn in cash from its spectacular growth and [redacted] now looking for acquisitions, he said.

The company has raised its interim dividend [redacted] cents a share, compared to an adjusted 2.3 cents a share last time. A special cash dividend of 12 cents, against [redacted] cents, [redacted] also being paid.

● Hong Kong and Shanghai Hotels, owner [redacted] the colony's prestigious Peninsula Hotel, announced a fall in interim net profits to HK$125m in the six months to [redacted] end [redacted] June, compared with HK$157m a year ago.

The company is maintaining [redacted] interim dividend at six [redacted] a share.

Tax swing and strong exports lift Trans-Natal

By Philip Gawith in Johannesburg

[redacted] STRONG export performance [redacted] favourable turnround in its tax position enabled Trans-Natal, the coal producer in South Africa's Gencor group, to register improved earnings in the year to June.

Operating income dropped by R70m to R180.4m because of higher costs associated with the rise in export sales, inflation and losses at the Koornfontein operation. But attributable profits were 5 per cent higher at R138.1m, due to the swing in the deferred taxation position.

Earnings per share rose from 165.5 cents to 172 cents and the dividend was lifted to 75 cents from 60 cents per share.

Total sales tonnage declined by 9 per [redacted] tonnes, but export sales [redacted] 10.6m tonnes from 10.2m [redacted] which, according to Mr Mike Salamon, managing director, means that Trans-Natal overtakes Amcoal as South Africa's largest coal exporter.

● Anglo Alpha and Blue [redacted] two of South Africa's main cement producers, saw operating income [redacted] in [redacted] six [redacted] end of June, reflecting [redacted] recession [redacted] industry, writes Philip Gawith.

Anglo Alpha' operating income [redacted] cent lower at R72.5m on turnover up by [redacted] per [redacted] R352.1m, [redacted] Blue Circle saw operating income fall by [redacted] R54.7m on turnover virtually unchanged [redacted] R382m.

Both companies [redacted] demand [redacted] all their products was down, with the exception of Anglo Alpha's [redacted] operations.

Earn[redacted] share at Anglo Alpha declined by 5.1 per cent to 74 cents but the dividend is being lifted by 7 per cent to 46 cents per share.

Blue Circle's per share earnings were 1.7 per [redacted] up at 141.4 [redacted]. The dividend [redacted] being lifted by 22 per cent to 55 cents, [redacted] partial compensation for dividends lagging behind inflation the past two years.

Blue Circle [redacted] a similar level to last year [redacted] Alpha expects a [redacted] in line with the first half.

Packer [redacted] 18% share in ANI group

By Kevin Brown in Sydney

CONSOLIDATED [redacted] Holdings (CPH), Mr Kerry Packer's privately-controlled media and industrial group, yesterday sold an 18 per cent stake in Australian National Industries, the engineering group, for around A$218m (US$170.3m).

The sale, which reduced CPH's holding from [redacted] per cent to 30 per cent, follows Mr Packer's involvement in a A$1.1bn bid by the Tourang consortium for the troubled Fairfax newspaper group.

The Tourang bid would give Mr Packer a 14.9 per cent stake in Fairfax, which publishes the Sydney Morning Herald, The Age (of Melbourne), and The Australian Financial Review.

The consortium is led by Mr Conrad Black, the Canadian chairman of the London Daily Telegraph newspaper group, and also includes Hellman and Friedman, the US merchant bank.

CPH said it was committed to retaining a 30 per cent stake in ANI, and to a continuing role in the development and management of the group.

Mr Max Sandow, ANI chairman, said he was not surprised by the reduction in the size of the CPH investment.

"If I had been Kerry Packer, I would have waited for the appropriate time to cut the holding down," he said.

CPH paid A$1.40 per share for its 48 per cent holding in May 1989.

The sale price was not revealed, but is understood to have been around A$2.10, implying a profit of around A$73m on the deal.

ANI closed five cents lower on the day on the Australian Stock Exchange, at A$2.15.

Molex's 'record year' with 4% increase

By Barbara Durr in Chicago

MOLEX, a leading US electrical components manufacturer, reported net income for its fourth quarter, ended June 30, of $17.2m, or 35 cents per share, an increase from $16.5m, or 33 cents per share, in 1990. The company's fourth quarter revenues rose sharply [redacted] $186.8m compared with $158.8m a year ago.

INTERNATIONAL CAPITAL [redacted]

Rise in UK gilts limited by weakness of sterling

By Sara Webb in London and **Patrick Harverson** in New York

UK government bond prices [redacted] yesterday, following US Treasury bonds, but traders said the rise [redacted] limited by sterling's [redacted] in the foreign exchange markets.

The gilt market welcomed changes to the [redacted] system announced by the Bank of England yesterday. The Bank has [redacted] shorten the notice period between the announcement of [redacted] auction and the auction itself from [redacted] month to 17 days.

Gilt-edged market makers had [redacted] the Bank [redacted] period [redacted] they [redacted] it depressed [redacted] gilt market ahead [redacted] an auction. The mar[redacted] expects the Bank [redacted] announce [redacted] auction at the end of August, so the auction [redacted] would [redacted] place in mid-September.

The benchmark 11¾ [redacted]

BENCHMARK GOVERNMENT BONDS

		[redacted]	Red Date	[redacted]	[redacted]	[redacted]	Week ago	Month [redacted]
AUSTRALIA		[redacted]	11/01	[redacted]	+0.900	10.72	[redacted]	11.13
BELGIUM		10.000	08/00	[redacted]	[redacted]	9.41	9.52	[redacted]
CANADA *		[redacted]	12/01	100.0000	[redacted]	9.75	9.88	[redacted]
DENMARK		9.000	11/00	97.8250	[redacted]	9.35	9.46	[redacted]
FRANCE	BTAN	[redacted]	[redacted]	[redacted]	-0.141	9.35	9.38	9.32
	OAT	9.500	01/01	102.2400	[redacted]	[redacted]	9.23	9.21
GERMANY		[redacted]	05/01	98.7300	[redacted]	8.57	8.64	[redacted]
ITALY		[redacted]	03/01	[redacted]	[redacted]	[redacted]	13.49	13.33
JAPAN	No 119	[redacted]	06/99	[redacted]	-0.066	6.89	6.96	[redacted]
	[redacted]	6.400	03/00	[redacted]	[redacted]	6.53	6.59	[redacted]
NETHERLANDS		[redacted]	03/01	97.8800	-	8.83	8.88	[redacted]
SPAIN		11.900	07/96	99.9000	[redacted]	[redacted]	[redacted]	11.87
UK [redacted]		10.000	[redacted]	99-22	[redacted]	10.07	10.21	10.23
		[redacted]	02/01	99-31	[redacted]	10.01	[redacted]	[redacted]
		9.000	[redacted]	[redacted]	[redacted]	9.77	9.91	[redacted]
US TREASURY *		8.000	[redacted]	[redacted]	[redacted]	7.95	[redacted]	[redacted]
		[redacted]	[redacted]	99-17	[redacted]	[redacted]	8.37	[redacted]

[redacted] closing, [redacted] morning session. Yields: Local market [redacted] [redacted] UK in [redacted], others in [redacted]. [redacted] Data/ATLAS Price Sources

GOVERNMENT BONDS

gilt due 2003/07 opened [redacted] 111[redacted] [redacted] 111⅞ by [redacted] to yield [redacted] per [redacted]

■ [redacted] Treasury securities firmed [redacted] maturity [redacted] yesterday morning [redacted] anticipated [redacted] successful afternoon [redacted] of [redacted] year bonds.

[redacted] midday [redacted] benchmark 30-year bond was up [redacted] at 99[redacted], yielding 8.160 [redacted] cent. The two-year [redacted] was even firmer, up [redacted] at 100[redacted], to carry [redacted] yield of 6.463 per cent.

After solidly successful three-year and 10-year [redacted] tions, [redacted] $12bn in [redacted] year [redacted] expected [redacted] well.

[redacted] predicted [redacted] would [redacted] up [redacted] buy the paper in [redacted] hope [redacted] Federal [redacted] will [redacted] short-term [redacted] boost the [redacted] economy.

Pre-auction [redacted] at [redacted] sion yesterday the 30-year [redacted] trading in when-[redacted] per cent.

The Fed continued [redacted] into lowering the Fed funds [redacted]. After $2bn of customer repurchase agreements by the Fed, [redacted] was trading at [redacted] per cent, slightly [redacted] the new target of 5½ per [redacted].

■ [redacted] government bonds [redacted] barely changed on the day, [redacted] said [redacted] waiting [redacted] Bundesbank raises interest rates [redacted] meeting [redacted] Thursday.

The [redacted] opened [redacted] to [redacted] and [redacted] moving up [redacted] treasury [redacted].

■ JAPANESE government bond prices slipped [redacted] profit-taking in quiet trading.

Traders [redacted] many [redacted] were waiting on the sidelines [redacted] see [redacted] of [redacted] Treasury's [redacted] 30-year [redacted] yesterday.

Fokus Bank forecasts NKr1.4bn loss

By Karen Fossli in [redacted]

FOKUS BANK, [redacted] troubled Norwegian bank, estimates that losses for the [redacted] as a whole will [redacted] NKr1.4bn ($209m), some NKr300-400m [redacted] than last [redacted], the board told its general assembly.

In June Norway's third [redacted] received [redacted] conditional transfer from the Norwegian banks' Guarantee Fund [redacted] NKr1.5bn in preference capital to [redacted] prop it up, but clouds still continue to surround its future as an [redacted] bank.

The fund, a safety net owned by [redacted] themselves, is helping Fokus [redacted] new adequacy rules.

The bank, which had already [redacted] of a poor 1991 performance, said yesterday that [redacted] would have to acquire at least NKr300m in fresh capital to fulfil the minimum level [redacted] Norwegian equity capital requirements.

However, it said that it was optimistic [redacted] it could post a profit [redacted] next year.

[redacted] Bank said it would cut staff and 16 offices [redacted] operating [redacted].

On the Oslo [redacted] yesterday [redacted] price was quoted [redacted] NKr12, but [redacted] of the cash injection Fokus will be forced [redacted] write down [redacted] value [redacted] NKr10 from NKr50.

The bank said that it [redacted] also close 16 regional offices and cut [redacted] further 320 jobs – in the past four years staff has been cut from 2,968 to 1,781.

Fokus also [redacted] reduce its balance sheet by NKr5bn during this [redacted]. In the first four [redacted] of this year the bank had assets of NKr4[redacted] and suffered [redacted] than doubled operating [redacted] of NKr256.6m.

GE Capital whets its appetite for Europe

Martin Dickson on the US financial services group's move to build up its asset base

GE Capital, the large US financial services group, has moved from nowhere [redacted] the past [redacted] to [redacted] the leading [redacted] of sterling-denominated commercial [redacted] it is now limbering up to make [redacted] splash in continental CP markets.

Its emergence [redacted] significant European [redacted] underlines the company's ambitions [redacted] build up its European [redacted] to match that with short-term floating [redacted] currency liabilities.

But it also highl[redacted] the sterling CP market [redacted] been maturing [redacted] past 12 months – and how far both it and many other local [redacted] Euro commercial paper [redacted] still have [redacted] develop.

GE Capital, a subsidiary [redacted] group, [redacted] the largest non-bank [redacted] institutions in the US, with [redacted] $70bn, [redacted] the [redacted] or so it has started to [redacted] up [redacted] in Europe, especially [redacted] UK.

[redacted] leading [redacted] manager [redacted] private [redacted] credit [redacted] and [redacted] it gained its [redacted] in European retail financial services when it bought [redacted] of Burton, [redacted] high [redacted].

[redacted] this year [redacted] acquired similar operations from [redacted] Fraser and Harrods. [redacted] significant British operations include [redacted] and middle market equipment financing.

[redacted] continental operations are fairly limited, although [redacted] month it acquired a 3 per cent stake in Spain's [redacted] bank, Banco Bilbao Vizcaya and [redacted] is eyeing other opportunities, notably in credit cards. But any continental moves would [redacted] gradual. "We're not [redacted] take [redacted] big bets, or large risks," [redacted] Mr Jim Parke, senior vice-president, finance.

In common with many companies, GE Capital has a policy of funding its operations as much as possible in local markets. And as the largest issuer of commercial paper in the US, with outstandings near $35bn – some $10bn ahead [redacted] nearest competitor, GMAC, the financial services arm of Gen[redacted] – [redacted] was [redacted] for it to cast its eyes over the CP market in Europe as it prepared [redacted] expand [redacted] there.

What it found was not very encouraging: the Euro CP mar[redacted] and [redacted] sterling sub-sector [redacted] growing only slowly and [redacted] number of [redacted] without investment grade [redacted] ratings. Some issuers had even defaulted, casting [redacted] over the market, and few, if any, dealers were making money.

Nevertheless, Mr Jeff Wer[redacted], the group [redacted], says: "We felt, [redacted] on our experi[redacted] in the US and Canada that the European CP market offered a tremendous opportunity. If a Triple-A, continuous issuer could approach the market from the right perspective, that issuer could be successful and the market would [redacted] a [redacted] boost – and that is exactly what has happened."

GE started issuing in [redacted] last year and now accounts for some [redacted] to [redacted] per cent of the sterling market, with £335m of outstandings. It also [redacted] and some $498m outstanding in the European CP market.

This rapid expansion owes much to its credit quality, for GE Capital is one of the few US financial [redacted] companies [redacted] retain the very best ratings – Triple A from Standard and Poor's – despite some costly mistakes by parts of the group in leveraged buy-out and property lending in the late [redacted].

Another important factor, [redacted] Mr Werner, [redacted] that [redacted] maintained [redacted] consistent presence in the Euro CP market – complete with its own, [redacted] Telerate. "We're not in and out. We're there [redacted] day, so people can rely on that."

Thirdly, [redacted] quality of its Euro CP dealers, who comprise Citicorp, J. P. Mor[redacted], Lehman Brothers, [redacted] Phillips & Drew and two recent additions, Barclays [redacted] Zoete Wedd and [redacted] Lyonnais.

One [redacted] for adding BZW, its first clearing bank dealer, is to try to broaden its customer base among British companies, which [redacted] significant buy[redacted].

[redacted] far [redacted] main customers are investors who would normally buy dollar-denominated paper [redacted] branched [redacted] sterling [redacted] interest [redacted] expectations, [redacted] conti[redacted].

GE [redacted] tapping [redacted] sterling market [redacted] proving [redacted] cost [redacted] financing – [redacted] points cheaper than issuing CP in the [redacted] buying [redacted]. Initially, however, it [redacted] pay a substantial premium over US rates to get its name established in the market.

But Mr Werner says the sterling sector still has a long way to develop, relative to the size [redacted] economy, and [redacted] more blue chip [redacted] more dealers and structural changes which would allow a broader [redacted] of investors into the market.

"Sterling CP is not yet something that institutions and companies and banks with cash turn to. In the US market, if you have surplus cash, commercial paper is the first thing everyone invests in."

Meanwhile, GE is looking closely at the [redacted]-sterling, non-dollar part of the European market [redacted] source of funds [redacted] it increases [redacted] continental operations. It will probably [redacted] market, where there [redacted] only [redacted] dozen issuers [redacted] one [redacted]. France [redacted] a large, well-developed [redacted] but [redacted] companies are [redacted] from issuing into it.

"[redacted] hope [redacted] is going to change," [redacted] Mr Werner. Similar constraints apply in the [redacted] market, although Mr [redacted] believes the [redacted] may be [redacted] developing products which can get around [redacted].

> In common with many companies, GE Capital has [redacted] policy of funding its operations as much as possible in local markets. And as the largest issuer of commercial paper in the US, it [redacted] natural for it to [redacted] its eyes [redacted] the CP market in Europe [redacted] it prepared to expand its [redacted] there.

Eurobond demand may spark action from borrowers

By Tracy Corrigan

THE STRONG performance of Eurobond [redacted] launched on Wednesday for 3i, [redacted] UK [redacted] capital group, [redacted] Kredi[redacted] für Wiederaufbau, [redacted] German agency, led to speculation [redacted] other borrowers would [redacted] advantage [redacted] current demand for sterling bonds.

3i's five-year [redacted] to [redacted] basis [redacted] launch spread of [redacted] basis points, having tightened even further [redacted] in the day, while KFW's 10-year deal tightened from 39 to 36 basis points over the comparable gilt.

However, several rumoured deals failed to materialise, as expectations that gilt yields are set to fall – underpinning investor demand – are holding borrowers back. Many UK companies [redacted] they will soon be able [redacted] absolute funding rates.

British Gas, which [redacted] strongly rumoured to be preparing an offering, is not working [redacted] any deals [redacted] the [redacted], an official said, [redacted] though spreads are quite attractive, as the company has no urgent [redacted] for funds, and [redacted] afford [redacted]. However, British Gas is considering how to finance a [redacted] natural gas exploration and production programme in Thailand, [redacted] yesterday. The investment could be funded by a dollar bond issue, [redacted] by project financing, [redacted] official [redacted], but is unlikely to be financed [redacted] sterling bond market.

Meanwhile, Bayer, the German pharmaceutical [redacted], [redacted] expected [redacted] follow [redacted] $150m issue on Monday with [redacted] deal in the Swiss franc market. The mandate [redacted] to [redacted] awarded [redacted].

In [redacted] French bond market, [redacted] National, [redacted] French financial institution, [redacted] FFr1bn of [redacted] per cent bonds to its outstanding FFr2bn three-year issue.

The new bonds, which offered a pick up of about 7 basis points over the outstanding issue, [redacted] firm demand, dealers said.

INTERNATIONAL BONDS

NEW INTERNATIONAL BOND ISSUES

[redacted]	[redacted]	Coupon %	Price	[redacted]	[redacted]	Book runner
[redacted]						
Furukawa Co.(a)♦	100	[redacted]	100	[redacted]	2⅛/1½	Nomura Int.
Japan Storage Battery(a)♦	100	[redacted]	100	[redacted]	2⅛/1½	Nikko Secs.
FRENCH FRANCS						
[redacted] National(b)†	1bn	9¼	100.3075	[redacted]	1⅞	CCF
YEN						
Kawasaki [redacted]	[redacted]	7¼	101.70	[redacted]	2/1¾	Yamaichi Int.
Kawasaki Steel(a)†	30bn	7¼	101¼	2000	2/1¾	Nomura Int.

**Private placement. §Convertible. ♦With [redacted] warrants. ‡Floating rate note. †Final terms. a) Non-callable. b) Fungible with existing FFr2bn deal. Non-callable.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thursday August 8 1991: Index No.	Day's Change [redacted]	Est. Earnings [redacted] (Max)	Gross Div. [redacted] (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1991 to date	Wed Aug 7 Index No.	Tue Aug 6 Index No.	Mon Aug 5 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (184)	[redacted]	[redacted]	10.13	5.78	12.22	22.56	832.20	826.73	834.57	816.41
2	Building Materials (24)	1056.68	+0.5	8.71	5.87	14.58	30.76	1051.47	1044.95	1059.29	1046.40
3	Contracting, Construction (31)	1142.56	+0.5	9.63	6.83	13.72	32.68	1136.35	1131.51	1144.79	1366.91
4	Electricals (11)	2442.93	+0.3	10.49	5.45	12.13	61.85	2434.75	2410.52	2431.83	2198.66
5	Electronics (25)	1727.78	-0.4	8.71	5.21	15.26	46.89	1735.09	1721.47	1727.96	1678.92
6	Engineering-Aerospace (8)	419.27	+0.3	16.30	5.98	7.36	12.11	417.83	416.53	423.71	446.31
7	Engineering-General (45)	455.94	....	11.74	5.63	10.45	11.82	455.91	456.57	458.74	458.63
8	Metals and Metal Forming (8)	434.76	+0.2	16.22	8.12	7.57	16.93	434.07	428.48	432.88	446.61
9	Motors (12)	332.52	+1.8	9.88	7.23	12.47	10.28	326.68	320.84	320.80	325.47
10	Other Industrial Materials (20)	1618.95	+0.4	8.61	4.97	13.65	36.42	1611.96	1600.98	1617.58	1451.82
21	CONSUMER GROUP (187)	1523.48	+0.2	7.60	3.58	16.22	25.63	1520.69	1507.43	1514.31	1248.22
22	Brewers and Distillers (22)	1858.96	+0.3	8.27	3.56	14.74	34.70	1853.77	1845.45	1843.84	1552.06
25	Food Manufacturing (19)	1203.68	....	9.54	4.11	12.95	24.43	1203.68	1198.90	1204.28	1048.89
26	Food Retailing (17)	2696.43	-0.7	7.98	3.09	16.39	39.61	2716.06	2714.51	2727.88	2468.12
27	Health and Household (22)	3635.31	+0.4	5.33	2.38	21.40	30.93	3619.10	3568.20	3590.48	2481.36
29	Hotels and Leisure (23)	1307.59	+0.3	9.15	5.27	13.19	32.35	1303.37	1284.63	1289.91	1344.13
[redacted]	Media (26)	1446.95	+0.3	7.96	4.90	16.33	38.26	1442.56	1425.81	1438.79	0.00
31	Packaging, Paper [redacted] (17)	744.49	....	7.56	4.43	15.97	15.15	744.21	745.53	749.11	552.99
34	Stores (32)	978.20	+0.3	7.83	3.80	16.67	17.06	974.91	961.73	967.47	788.06
35	Textiles (9)	595.50	+0.3	8.43	5.21	14.73	13.79	593.68	590.55	594.27	470.02
40	OTHER GROUPS (109)	1269.67	+0.4	9.73	5.07	12.82	29.31	1264.93	1253.80	1258.63	1090.88
41	Business Services (12)	1346.43	-0.3	8.02	4.84	15.43	29.77	1350.13	1338.81	1352.63	0.00
42	Chemicals (21)	1453.66	+0.8	7.06	4.96	17.49	33.03	1442.81	1431.88	1435.47	1130.22
43	Conglomerates (10)	1465.87	+1.2	10.16	7.20	11.89	35.14	1447.83	1434.17	1445.99	1493.34
44	Transport (13)	2291.03	+0.5	8.24	4.65	15.04	50.50	2279.49	2245.20	2255.70	2131.65
45	Electricity (16)	1217.57	....	14.35	5.34	8.90	18.41	1217.70	1205.87	1214.49	0.00
46	Telephone Networks(4)	1531.83	+0.1	9.68	3.98	13.51	28.31	1530.24	1518.28	1514.02	1170.06
47	Water(10)	2362.29	+0.2	17.29	6.52	6.40	118.37	2357.57	2329.08	2340.11	2014.99
48	Miscellaneous (23)	1996.98	+0.3	6.08	4.84	21.31	47.89	1991.40	1981.01	1997.41	1639.00
49	INDUSTRIAL GROUP (480)	1274.84	+0.3	8.77	4.49	14.12	26.53	1271.31	1260.71	1267.35	1101.18
51	Oil & Gas (20)	2448.41	-0.7	11.08	5.59	11.88	67.26	2465.07	2449.80	2458.71	2473.50
59	500 SHARE INDEX (500)	1374.87	+0.2	9.07	4.63	13.79	29.82	1372.72	1361.66	1368.55	1213.86
61	FINANCIAL GROUP (92)	827.99	+0.2	–	5.62	–	21.65	826.72	818.20	819.79	748.53
62	Banks (9)	963.65	-0.1	5.14	5.53	31.20	24.83	964.43	950.76	949.86	803.23
65	Insurance (Life) (7)	1574.34	+0.4	–	5.25	–	41.64	1567.44	1558.54	1566.01	1354.37
66	Insurance (Composite) (6)	683.33	+0.9	–	6.42	–	20.23	676.96	667.99	671.73	625.60
67	Insurance (Brokers) (9)	1164.48	+0.4	6.75	5.80	19.22	30.61	1159.86	1145.67	1147.29	913.35
68	Merchant Banks (7)	446.31	....	–	4.70	–	11.00	446.35	444.95	442.76	399.31
69	Property (36)	916.82	-0.3	6.08	5.07	23.39	19.84	919.63	917.59	921.84	1033.33
70	Other Financial (18)	251.75	....	11.40	7.20	10.98	7.99	251.79	250.18	251.42	274.84
71	Investment Trusts (69)	1219.93	....	–	3.51	–	20.95	1219.80	1210.07	1218.60	1129.32
99	ALL-SHARE INDEX (661)	1241.56	+0.2	–	4.73	–	27.55	1239.67	1229.31	1235.08	1101.42

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Aug 7	Aug 6	Aug 5	Aug 2	Aug 1	Year ago
FT-SE 100 SHARE INDEX‡	2600.6	+3.2	2600.6	2588.4	2597.4	2573.3	2585.4	2601.7	2591.7	2244.9

FIXED INTEREST

	PRICE INDICES	Thu Aug 8	Day's change %	Wed Aug 7	Accrued interest	xd adj. 1991 to date
	British Government					
1	Up to 5 years (28)	121.62	+0.03	121.59	2.02	7.13
2	5-15 years (27)	132.50	+0.05	132.44	1.86	8.58
3	Over 15 years (9)	141.51	+0.13	141.32	2.97	6.83
4	Irredeemables (6)	155.46	+0.12	155.28	2.77	7.34
5	All stocks (70)	131.46	+0.05	131.39	2.05	8.02
	Index-Linked					
6	Up to 5 years (1)	160.68	+0.11	160.50	0.80	2.72
7	Over 5 years (10)	145.35	-0.06	145.44	0.67	2.76
8	All stocks (11)	146.36	-0.06	146.44	0.68	2.76
9	Debs & Loans (56)	111.61	+0.37	111.20	2.79	5.89

	AVERAGE GROSS REDEMPTION YIELDS		Thu Aug 8	Wed Aug 7	Year ago (approx.)
	British Government				
1	Low	5 years	[redacted]	8.89	11.06
2	Coupons	15 years	9.70	9.71	11.06
3	(0%-7¾%)	20 years	9.70	9.71	11.06
4	Medium	5 years	[redacted]	[redacted]	12.16
5	Coupons	15 years	[redacted]	9.89	11.59
6	(8%-10¾%)	20 years	[redacted]	9.84	11.43
7	High	5 years	10.24	10.24	12.27
8	Coupons	15 years	10.00	10.00	11.88
9	(11%-)	20 years	9.90	9.91	11.73
10	Irredeemables†		[redacted]	9.91	11.19
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	4.40	4.44	4.81
12	Inflation rate 5%	Over 5 yrs.	4.38	4.38	4.25
13	Inflation rate 10%	Up to 5 yrs.	3.49	3.52	3.73
14	Inflation rate 10%	Over 5 yrs.	4.20	4.19	4.08
15	Debs &	5 years	11.72	11.74	13.80
16	Loans	15 years	11.47	11.51	12.75
17		25 years	11.27	11.32	12.60

‡Opening index 2597.4; 9 am 2589.5; 10 am 2594.7; 11 am [redacted] 2598.4; 1 pm 2597.2; 2 pm 2596.6; 2.30 pm 2596.7; 3 pm [redacted] 4.10 pm 2600.3; (a) 4.30pm (b) [redacted]12am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday [redacted]. A list of constituents is available from the Publi[redacted] The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and [redacted] products relating to these indices. These are available by subscription from FINSTAT, Ibex House, [redacted] Minories, London [redacted] 1DY. Tel: 071-702 0991.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	39	17	27
Corporations, Dominion and Foreign Bonds	2	5	[redacted]
Industrials	260	208	1,040
Financial and Properties	90	92	556
Oils	8	25	55
Plantations	[redacted]	[redacted]	[redacted]
Mines	[redacted]	30	93
Others	[redacted]	60	61
Totals	478	441	1,851

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price	+or-	Net Div	Times Cov'd	Gross Yield	P/E Ratio
$100	F.P.	–	107	101	Abtrust Preferred Inc.Tst.	103		M12.32	–	16.0	–
$102	F.P.	–	109¾	104	Do. Zero Div. Prf.	109¾	–½	–	–	–	–
–	F.P.	–	45	10	Aegis Warrants 5p	43½		–	–	–	–
♦	F.P.	–	185	185	Brockhampton 10p	185		–	–	–	–
♦	F.P.	–	33	33	Do. A Warrants 10p	[redacted]		–	–	–	–
♦	F.P.	–	155	140	Do. Non/Vtg. A 10p	155		–	–	–	–
†	F.P.	–	107	105	Capital Ventures 1p	107	+2	–	–	–	–
[illegible]											

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full [redacted]. g [redacted] dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on [redacted] or other official estimates for 1990-91. H Dividend and yield based on prospectus or other official [redacted] for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yie[redacted] prospectus or other official estimates for 1991-92. N Dividend and yield based on pr[redacted] other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ♣ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ♦ Unlisted securities market. ♦ Issued in [redacted] with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

■ First Dealings Aug. [redacted]
■ Last Dealings Aug. [redacted]
■ [redacted] Declarations Nov. 7
● For settlement Nov [redacted]
[redacted] rate [redacted]

London [redacted] Berisford, Burford Hldgs., Burton, [redacted] (A.), LWT Prf., Own[redacted] Abroad, Premier, TSB Puts: none. Call [redacted] Put: Thames TV.

LONDON TRADED OPTIONS

[illegible]

*Underlying security price. † [redacted] expiry dates. Premiums shown are based on [redacted] prices.

UK COMPANY NEWS

Exploration side lifts BP with £400m contribution

By Deborah Hargreaves

BRITISH Petroleum had an active second quarter during which it sold an oil refinery in Sweden, bought one in Spain [illegible] announced several [illegible] oil discoveries in the Gulf of Mexico and Colombia.

The company said it would announce the sale of the rest of its US Tex/Con assets in the coming quarter to bring the amount gained from divestments this year to between £1bn and £2bn.

Operating profits for the exploration and production division rose substantially in the second quarter from £283m to £400m.

Total production of crude oil slipped slightly, from 1.31m barrels of oil a day (b/d) to 1.3m b/d, as routine mainte[illegible] [illegible] safety work depressed production. Gas sales also dropped from 1.43bn cu ft [illegible] day to 1.39bn cu ft [illegible] day.

"We were all aware that the past quarter could have been extremely difficult if all the [illegible] built up on worries about the war were released to the market," [illegible] Mr David Simon, BP's chief operating officer and deputy chairman. "This did not happen and the market was calm if [illegible] dull."

Mr Simon pointed out that [illegible] production in the first half increased slightly to 1.37m b/d "despite [illegible] production profile of our fields." Analysts often point to the growing age of BP's oilfields [illegible] a reason for the decline in output.

The refining and marketing [illegible] reported [illegible] drop in income compared with [illegible] same period last year, from [illegible] to £266m on a replacement cost basis – which strips out stock losses. The quarter included after-tax profit of £83m from the sale of the Gothenburg refinery.

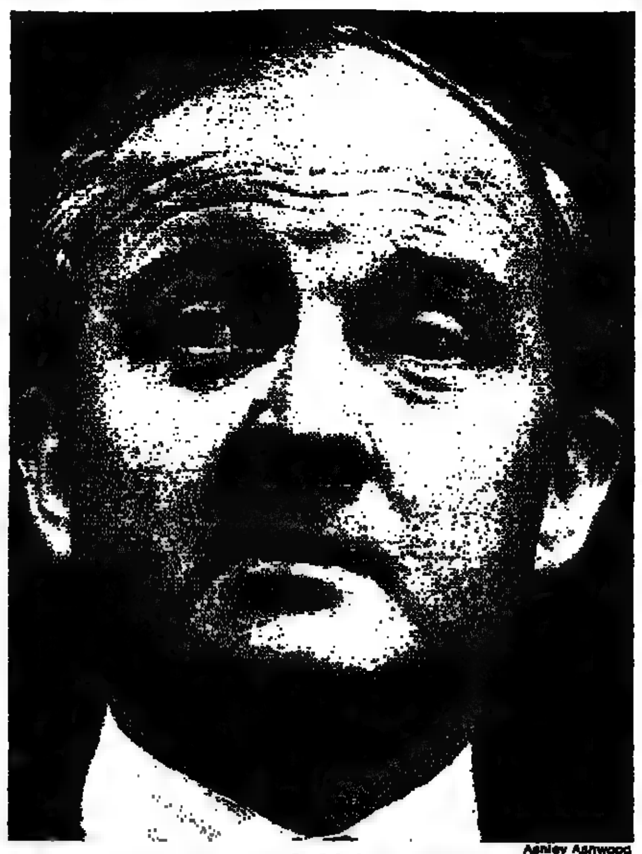
BP said it had made [illegible]cant progress with its European strategy, developed by Mr Bob Horton, chairman, when it [illegible] the Swedish refinery and expanded into [illegible] growing Spanish market with the acquisition of Petromed, the Spanish oil refiner and marketing company.

The chemicals division showed a £31m drop in second quarter profits [illegible] [illegible] largely [illegible] to [illegible] squeeze on margins and a fall in customer demand. The company also attributed the downturn to major shutdown [illegible] plant for maintenance – most of which has now been completed.

The company's nutrition division reported [illegible] profit of £12m for the second quarter compared with £[illegible] last year.

Earnings per share for [illegible] second quarter were up at 4.5p (1p) and for the half year showed a drop to 4.7p (7.4p). Nevertheless, BP declared a dividend [illegible] 4.2p for the [illegible] quarter, marking a 6 per cent [illegible] for the half year [illegible] [illegible]p.

Group [illegible] in the [illegible]ond quarter rose [illegible] [illegible] [illegible] £7.74bn.



Ashley Ashwood

[illegible] Horton, chairman and chief executive: his European strategy for BP had made significant [illegible]

Shell hit by second quarter downturn from chemicals

[illegible] Deborah Hargreaves

[illegible]GH Royal Dutch Shell [illegible] a sales rise of £87m to £17.76bn in the second quarter of 1991, net income [illegible] the period [illegible] depressed by sharply lower [illegible] profits and [illegible] poor quarter at its US operations.

In all, first half income showed [illegible] 20 per cent rise on [illegible] replacement [illegible] [illegible] [illegible] £1.88bn after [illegible] [illegible] first quarter. Sales totalled £35.97bn (£34.86bn).

Second quarter income from chemicals fell from £153m to £12m. [illegible] Peter Holmes, chairman, pointed to [illegible] [illegible] [illegible] [illegible] had stockpiled chemicals during the Gulf war and that these were currently being drawn down.

[illegible] [illegible] that when stocks were rebuilt towards the end [illegible] the year, prices may harden.

Shell's oil output dropped by 2 per [illegible] during the second quarter [illegible] 1.88m barrels [illegible] day (b/d), partly as [illegible] result of prolonged shutdowns [illegible] [illegible] North Sea. But [illegible] production rose 7 per [illegible] during [illegible] quarter [illegible] 5.64bn [illegible] [illegible] [illegible] day.

Shell [illegible] production should be higher [illegible] the [illegible] half [illegible] [illegible] year. But [illegible] return [illegible] [illegible] [illegible] output [illegible] [illegible] affected by [illegible] shutdown of [illegible] Fulmar Alpha platform yesterday [illegible] [illegible] explosions.

Second quarter income from the exploration and production division rose from [illegible] [illegible] £289m.

The group [illegible] [illegible] [illegible] price stability [illegible] [illegible] [illegible] [illegible] [illegible] depend on the [illegible] of crude exports from members of Opec.

Refining and marketing operations slipped to [illegible] [illegible] during the quarter [illegible] [illegible] replacement cost [illegible] [illegible] product margins dropped from exceptional levels earlier in [illegible] year.

However, margins [illegible] the [illegible] East remained firm [illegible] [illegible] [illegible] product exports from [illegible] Gulf [illegible] [illegible] war.

[illegible] [illegible] [illegible] saw [illegible] continued expansion [illegible] unleaded petrol demand [illegible] it introduced [illegible] Singapore, Thailand and Hong Kong this year.

Earnings per share for the [illegible] quarter dropped [illegible] [illegible] from 6.1p [illegible] year, [illegible] remained the same for the [illegible] half at 15.1p.

The company will announce its interim dividend on September 12. Analysts are forecasting a figure [illegible] about [illegible] – up [illegible] 8.4p [illegible] year.

Capital expenditure increased during [illegible] first half by 16 per cent [illegible] £3bn.

Racal calls for £43.2m to cover demerger costs

By Richard Gourlay

RACAL ELECTRONICS yesterday issued [illegible] new shares, raising [illegible] [illegible] cover the costs of demerging Racal Telecom, the operator of the [illegible] [illegible]lular telephone network.

Smith New Court took the shares in a bought deal and placed them at 214p with a variety of institutions.

The company also announced that holders of 93 per [illegible] of the convertible loan [illegible] [illegible] opted [illegible] [illegible] it [illegible] ordinary shares.

The £8m cost of repaying holders of the loan stock who chose to redeem will be met out of the placement proceeds. The £35m cost of the demerger will be met from the balance of the proceeds.

Racal Electronics shareholders will today meet to vote on the Racal Telecom demerger plans.

Following shareholder [illegible]pproval, [illegible] [illegible] will subscribe to new [illegible] Telecom shares, in order to raise its stake marginally to 80 per cent, a level necessary for a tax-efficient demerger under US law.

GM Firth slides into £0.7m loss

By Peggy Hollinger

AN UNTIMELY [illegible] and the recession combined to push GM Firth, the steel stockholder, into the red last year.

The Midlands-based group yesterday announced pre-tax losses of £727,000 for the year to March 31, compared with a profit of £1.8m on turnover down 28 per cent at £57.6m.

However, Mr Ian Wasserman, chairman, said the loss was the result of a £1.2m charge taken on the group's 20 per cent stake in Arthur Lee, the Sheffield-based steel and plastics group. The investment division as a whole reported increased [illegible] [illegible] £1.7m (£323,000).

Profits in the [illegible] [illegible] fell from [illegible] to £1.5m. The general decline in the UK steel sector hit sales of plate, Firth's principal product. Turnover in [illegible] [illegible] fell by 15 [illegible] cent. Mr Wasserman said that, although demand had stabilised, there seemed little hope of a recovery before 1992.

During the year the group sold or closed several businesses, accounting for some of the decline in overall turnover and an extraordinary charge of £475,000.

The furnishings, flooring and fittings division contributed [illegible] much reduced £12,000 [illegible].

[illegible] [illegible] [illegible] [illegible] 2.5p compared with earnings [illegible] [illegible] earnings. The [illegible] dividend [illegible] passed, leaving an interim of 1p.

Borrowings [illegible] [illegible] £13m and £14m, compared with shareholders' funds [illegible] £12m.

Charles Church reveals details of refinancing

By Andrew Taylor and Peggy Hollinger

THE SUFFERING of [illegible] housebuilders continues. [illegible] Church, the Surrey housebuilder, yesterday announced details of a su[illegible]tial refinancing.

In a separate move, Bellwinch, the loss-making south of England-based housebuilder, asked for its [illegible] to be suspended at 3p after the col[illegible] of refinancing negotiations.

[illegible] [illegible] [illegible] taken private in 1989 by the Church family in a deal which valued the company at £104m.

Under the refinancing, banks, led by Royal Bank of Scotland and County NatWest will [illegible] [illegible] [illegible] almost £80m for a package [illegible] ordinary shares, preference [illegible] [illegible] loan [illegible].

The banks will be [illegible] with [illegible] stake of [illegible] 70 and 80 per cent – depending upon the response of preference [illegible] holders, mostly institutions, which are being [illegible] a combination of new preference shares, ordinary shares or cash.

The Church family will be left without a stake.

Bellwinch had announced in June that it [illegible] involved in talks [illegible] it hoped would [illegible] [illegible] [illegible] underwritten issue of a [illegible] number [illegible] deeply-discounted new shares.

The group lost £4.9m before tax in the last financial year.

Recession cuts Kode to £126,000

[illegible] International, [illegible] Wiltshire-based printed [illegible] [illegible] [illegible] and computer maintenance group, [illegible] interim pre-tax profits fall sharply as [illegible] principal businesses continued to [illegible] in the recession.

The outcome for the [illegible] months [illegible] [illegible] 28 – [illegible] against [illegible],000 – was struck [illegible] [illegible] exceptional charge [illegible] £80,000 for redundancy and compensation payments. Turnover dipped some 11 per cent to £7.47m (£8.35m).

Earnings per share emerged at 0.6p, down from 4.6p [illegible] time, and the interim dividend [illegible] cut from 2.5p [illegible] 1p.

Jacobs feels coastal chill

[illegible] [illegible] John I [illegible] dived 5p [illegible] [illegible] as [illegible] shipbroking and coastal shipping [illegible] announced a 55 per [illegible] con[illegible] in interim profits.

The [illegible] shipping operation continued [illegible] [illegible] [illegible] the recession [illegible] a further weakening of [illegible] rates.

[illegible] pre-tax [illegible] [illegible] the six months [illegible] end-June fell from £597,000 to £270,000. An exceptional credit [illegible] £75,000 related to partial [illegible] of [illegible] provision against broking development. A provision [illegible] [illegible]0,000 [illegible] against an inter[illegible] in an unnamed building and property company.

[illegible] interim dividend was 0.5p (1.5p) payable from [illegible]ings 0.57p (1.63p).

UK COMPANY NEWS

Smith & Nephew declines 5% to £59.3m

By Richard Gourlay

SMITH & NEPHEW, the international health care products group, held a fall in interim profits to 5 per cent in spite a sharp decline in consumer spending in the UK market.

Pre-tax profits fell from £62.5m to [illegible] on [illegible] to 2 [illegible] at [illegible] in the 24 weeks to June 15.

Earnings per share fell 8 per cent to 4.02p but the interim dividend is increased by 1 per cent to 1.75p.

Mr Eric Kinder, chairman, said the black spot in the results was in UK consumer sales which had been hit by a recession that was showing no signs of ending.

Smith & Nephew's interest charges fell from £5.4m to £1.7m following a sharp fall in debt from [illegible] at the start of 1990 to £94m at the end of this period. Gearing was almost unchanged at 33 per cent.

The group sold a US capital equipment business which made operating tables and bought a wound management business in France.

On the operating side, wound healing products grew strongly in the US and Europe. Orthopaedic implants and trauma products also grew sharply, with sales up [illegible] per cent both sides of the Atlantic.

The disappointing UK summer had hit sun tan lotions sales and the [illegible] had dented the toiletries business.

The gloves business, which hit earnings last year, had been rationalised and was now operating at satisfactory margins, Mr Kinder said.

Smith & Nephew is still appealing a [illegible] damages award to Polteco of the US which claimed the company had misappropriated technical know-how. It [illegible] no provisions in the [illegible] losing the appeal.

■ COMMENT

After 25 years of inexorable profits growth, Smith & Nephew has in the last year become a company with two halves. The orthopaedic and wound management businesses are racing ahead particularly in the US and continental Europe. On the other hand, the UK consumer and US [illegible] businesses are heading the other way and there must be question marks over the margin earned on the, albeit modest, hospital products sales. [illegible] of pre-tax profits for the year of £125m, [illegible] earnings per share of 9.2p this year, and a prospective multiple of about 15. Next year is less certain, with the company facing the outcome of its appeal against the Polteco damages.

Eric Kinder: black spot was UK consumer sales

Drayton Cons tries to halt slide

By Norma Cohen, Investments Correspondent

DRAYTON Consolidated Trust, which specialises in unquoted companies, last night tried to brake the slide in its share price by providing additional information about its investments.

In a statement after the market closed, Drayton said its current exposure to the unquoted sector was "something over [illegible]" out of total gross assets of £201m. It [illegible] liabilities were included, exposure was £102m.

Shares in the trust had closed unchanged at 195p, against 214p last Friday.

Mr Peter Knapton, director, said there had been suggestions that the fund had not told investors enough about its exposure to unquoted companies and that this uncertainty had induced some to sell their shares.

City analysts had believed that Drayton had roughly £71m, or 34 per cent of its total gross assets in unlisted companies. Mr Knapton said the new figure reflected the inclusion of loans to unlisted companies, as well as additional investments in the sector.

Separately, Drayton's directors said the [illegible] provision against the entire unquoted portfolio was "realistic." No new provisions were needed.

Invesco MIM, the fund's managers, yesterday revealed that net assets stood at 42.9p at July 31, against 450p at the end of June.

Emap buys 3 Murdoch titles for £10m

By Raymond Snoddy

EMAP, the magazine, newspaper and [illegible] group, yesterday announced the acquisition of three consumer titles from Murdoch Magazines for £10m.

The publishing group said the purchase of Car, Supercar Classics and New Woman would strengthen its position in both the car and women's magazine markets.

The deal means that Emap has spent more than £23m on acquisitions in the past few weeks and more could be on the way.

"Now is the time to be doing things," said Mr David Arculus, Emap's managing director, pointing to the possibility of picking up bargains in a recession and the strength of the company's balance sheet.

The sale of the three Murdoch titles follows News Corporation's agreement in May to sell most of its American magazines to Kohlberg Kravis Roberts for $650m.

In addition to yesterday's purchase Emap recently bought a 14 per cent stake in Metal Bulletin, the [illegible] publisher of trade journals, and made an agreed £6.7m bid for Radio City, the Merseyside commercial radio station. The company has also joined the race for Southern Newspapers.

The three magazines bought from Murdoch Magazines were sold by competitive tender and it is believed that the other contenders were Motor Press Stuttgart and BBC Publications.

Mr Arculus said that the motor titles would give Emap market leadership in the sector. New Woman, launched by Murdoch Magazines and aimed at the mid-to-late 20s [illegible] would extend Emap's reach.

SD-Scicon defence offers three alternatives to bid

By Alan Cane

IN ITS latest defence document SD-Scicon, the computing services company, tells shareholders that they have nothing to lose by resisting Electronic Data Systems' final offer of 90p per share.

The document, published yesterday, says there are three options if the EDS bid fails, all of which would benefit shareholders:

● EDS and SD-Scicon would find ways of working together for their mutual benefit.

● EDS would reconsider its offer and make a new bid at a level which SD-Scicon's directors could recommend to shareholders. SD-Scicon has already set out values for the company ranging from 76p to 110p and it is thought that 85p would be acceptable.

● SD-Scicon would find ways of collaborating with EDS' competitors in the computing services business.

Mr John [illegible], chairman of SD-Scicon, maintains that the company has not actively sought a white knight but says that it is in discussions with companies anxious that EDS's expansionist intentions should be curbed. They would step in if the need arose.

Yesterday, EDS described the document as bitter and its claim of no downside risk for shareholders as [illegible]. EDS's own shares closed unchanged at 89p.

SD-Scicon, which suffered losses of more than £40m last year caused by poor fixed price project management, has been fighting the bid from EDS, the information technology subsidiary of General Motors of the US, for the past two months.

It claims that it is well on the way to recovery, having solved its fixed price project problems and returning a half-year pre-tax profit of £2.8m with a projected full year figure of at least £14m.

Last week EDS raised its final offer from 80p to 90p per share. Mr [illegible] rejected the offer as wholly inadequate.

He said yesterday that legal action in the US by a disappointed potential buyer of SD-Scicon's vehicle emissions monitoring company was without merit.

Mayflower to buy Motor Panels for £14.75m

By Kevin Done, Motor Industry Correspondent

MOTOR PANELS, the independent maker of commercial vehicle cabs which went into receivership with its parent company CH Industrials in March, is to be acquired by Mayflower Corporation in a deal worth £14.75m.

Mayflower, which is the listed holding company for a group operating in specialist manufacturing, advertising, marketing and financial services, is planning a rights issue and share placement to raise about £17m to finance the acquisition.

If the deal goes through it will more than quadruple Mayflower's turnover.

Dealing in Mayflower shares has been suspended since June 13, when the group announced that it was negotiating a large acquisition. It said yesterday that it expected dealing in the existing ordinary shares to be resumed on September 3.

Motor Panels has a workforce of about 650 in Coventry and 150 in Wigan. It also has operations in North America, which are part of the Mayflower acquisition.

In the 11 months to end-February the company's UK operations made an operating profit of £1.9m on turnover of £38.4m, while the US operations achieved a $1.3m operating profit on turnover of $33.2m in the year to end-March.

The acquisition of Motor Panels is dependent on approval by Mayflower shareholders at a meeting on September 3, until then it will continue to be run by the receivers.

Mayflower, whose principal business is Ribbons, a maker of high performance synthetic webbing, yesterday reported profits before tax and extraordinary items of £12,000 on turnover of £5.6m for the first half of 1991, compared with a loss of £190,000 on turnover of £5.5m last time and a profit of £449,000 on turnover of £13.8m at the 1990 year end.

Mayflower said the acquisition of Motor Panels was a strategic move to develop a group of high quality specialist automotive companies. The business was being acquired at a discount of about £17m to its net asset value.

The trading of both Motor Panels UK and US businesses had been adversely affected since March 1 by the impact of the receivership and by the difficult economic conditions.

Mayflower currently has a deficit on distributable reserves which precludes payment of a dividend. However, it intends to put forward plans for a capital reduction early next year, with the aim of resuming dividend payments in 1992.

Kwik Save pays £5m for Yorkshire stores

Kwik Save, the discount food retailer, is buying a further 18 stores in the north-east of England. The stores, run by RT Willis, are being bought from the receivers for £4.9m cash, writes John Thornhill.

This deal brings the number of stores Kwik Save has bought in the past four months in the north-east to 67.

The stores to be acquired – which were selected from a portfolio of 27 available – are mainly in Yorkshire and are expected to produce an annual turnover of more than £25m.

Thirteen of the stores will be converted to the Kwik Save discount format. The rest will become Lateshopper stores.

Kleinwort Benson shows recovery with £24.7m midway

By Richard Waters

TAXABLE PROFITS at Kleinwort Benson recovered to £24.7m in the six months to June [illegible] though the bank was held back by continuing bad debt provisions.

Though down on the [illegible] of the previous [illegible] half, the figures [illegible] a marked improvement on a disastrous second half. This resulted in a £97m loss after a range of exceptional and other charges, including a £34m loss on a failed bought deal for Premier Consolidated Oilfields and a bad loan [illegible] provision of £43m.

In the first half of this year, a further £19m was set aside against possible losses, much of it on property-related loans, after recoveries of £10m.

Discussions on co-operation with BNP, the French state owned bank which took a [illegible] per cent of Kleinwort at the last year-end, appear to have slowed and are not expected to yield early results.

Mr David Peake, chairman, stressed that any benefits from the link were likely to be long-term. Also, Kleinwort has had no co-operation talks with Dresdner Bank and does not expect any in the near future – contrary to the expectation earlier this year.

Kleinwort continued to shrink its loan book, which now stands at £1.5bn. Risk-weighted assets had fallen by 10 per cent since the last year-end, he said.

Kleinwort does not show the results of its equities and securities operations separately, but Mr Peake said they had performed strongly.

Merchant banking and securities reported a profit of £23.5m, after the £19m provision. The [illegible] profit in the corresponding period was struck after a small net release of provisions. Investment management activities returned a profit of £13.4m (£15.5m).

[illegible] figures were arrived at before a £12.1m interest charge on loan capital – down from £13.4m.

An unchanged interim dividend of 5.3p is payable from earnings of 12.66p (15.08p) per share.

Restructured CMW rises to £252,000 at halfway

By Michiyo Nakamoto

CMW Group, the recently restructured architectural, planning and [illegible] design concern, reported interim pre-tax profits of £252,500, up from a pro-forma £210,000 in the previous first half.

The improvement in the six months to end-May – the first results since the group was [illegible] and introduced to the [illegible] in November – came on turnover of £3.06m (£2.69m).

Prior to flotation, it took over the UK operations of Tribble [illegible], a US architectural concern. Soon after it became independent of THL, however, the US business ceased operations leaving CMW with losses and liabilities relating to the US operations.

The costs of covering these losses amounted to £1.1m and reduced CMW's net assets at the year end to £180,000.

An extraordinary charge of £508,000 was taken against losses and liabilities arising from the demerger.

The group improved its balance sheet with a placing and open offer of new ordinary shares in May, which raised about £1.2m net of expenses.

An interim dividend of 0.5p is declared, payable from earnings of 5.85p (4.88p) per share.

Aer Lingus falls to I£6m

By Kieran Cooke in Dublin.

AER LINGUS, the Irish state airline, yesterday announced pre-tax profits for the 12 months to March 31 of I£6.2m (I£5.65m), down from I£38m.

In common with many of the world's airlines, Aer Lingus has been caught in financial turbulence caused by the Gulf war and recession in the UK and US, its two main markets.

It has benefited in recent years from a diversification programme, investing in a hotel network in the US and Europe and making considerable profits from aircraft servicing and maintenance.

In 1990-91 the airline's transport division incurred losses of I£22.9m (I£18.7m). While these were due to the increased losses were due to declining passenger numbers, interest payments associated with new aircraft purchases accounted for I£22.9m of the division's loss.

Aer Lingus is involved in a I£20m cost-cutting exercise and seeking to [illegible] deferrals from its workforce. Last month it was forced to [illegible] dividend payment to the Irish government.

COMPANY NEWS IN BRIEF

ANGLO & OVERSEAS Trust: Net asset value per share stood at 232.2p at June 30 1991. That compared with 337p a year earlier and 267.7p at December 31 1990. Available revenue for the half year to end-June amounted to [illegible] (£3.97m), equal to earnings of 3.39p (3.47p). The interim dividend is a same-again 1.75p.

FLEMING HIGH Income Investment Trust: Net asset value 90.2p (91.4p) at July 31 1991. Net revenue for the first quarter improved to £464,000 (£115,000) after tax of £177,000 (£55,000) for earnings of 1.6p (1.45p). A first interim dividend of 1.45p (1.4p) is declared.

TR CITY of London Trust net asset value of 110.49p at June 30 1991 compared with 111.7p a year earlier. Net revenue for the year was £9.03m (£8.19m) for earnings per share of 4.65p (4.21p). The proposed final dividend is a proposed 1.14p, making 4.56p (4.11p).

Correction

Mediobanca

Mediobanca, the Italian bank, has been appointed regional adviser for Italy for the UK government's planned sale of its shares in British Telecom. The bank's name was incorrectly stated in Wednesday's Financial Times.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding div	Total for year	Total last year
Anglo & O'seas ......int	1.75	[illegible] 17	1.75	-	6.15
BP ......int	4.21	[illegible] 7	3.95	-	[illegible]
CMW § ......int	0.5	Sept [illegible]	-	-	-
Firth (GM) ......fin	nil	-	2.75	1	5
Fleming High ......int	1.45	[illegible] 1	1.4	-	5.75
Jacobs (John I) ......int	0.5	[illegible] 31	1.5	-	6
Kleinwort Benson ......int	5.3	[illegible] 14	5.3	-	16
Kode Intl ......int	1	Sept [illegible]	2.5	-	7.5
Smith & Nephew ......int	1.75	[illegible] 13	1.735	-	4.8
TR City London ......fin	1.14	Aug 31	1.03	4.56	4.11

[illegible] net except [illegible] stock. [illegible] 8.4p so [illegible]

THE PROPERTY [illegible]

Boots stirs landlord-tenant pot

Vanessa Houlder

"I THINK people are deceiving themselves," said Mr Mike Ruddell, the 47 year-old mathematician in charge of property at Boots, the chemist. The property industry should open its eyes to the rigid and old-fashioned relationship between landlord and tenant, which is damaging both sides, *he adds.*

Complaints about the unbalanced relationship between landlord and tenant are nothing new. The combination of the supply glut and the difficulties of recession-gripped tenants in meeting rising rents have underlined the pressures. Attention is particularly focused on the system of 25-year leases, which with their upwards-only rent reviews take little account of trading profitability – as [illegible] are now discovering.

What Mr Ruddell brings to the debate [illegible] not just [illegible] *of Boots, but [illegible] own experi*[illegible] of retailing, [illegible] finance and merchandising [illegible] well as property. He is convinced that the *retail industry has the bit* between its teeth in its search for greater efficiency and it will not tolerate artificial con[illegible]. "[illegible] don't go back, you move onto a new battleground," he [illegible].

He believes that the introduction of electronic point-of-*sale technology is a change* comparable in scale to that of the elimination of retail price maintenance in the early 1960s or the introduction [illegible] sophisticated marketing techniques in the 1980s. Retailers now know what, when and where they are selling, which increases the need for flexibility in their property holdings.

"Meanwhile, the property industry [illegible] still applying leases assigned in Ted Heath's time," he complains.

Mr Ruddell proposes a shift in the landlord/tenant relationship towards the supplier/cus*tomer relationship that is* prevalent [illegible] the retailing industry. [illegible] and suppliers should have a co-operative relationship with give or take *on both sides, even to the point* where contracts are set aside if one party encounters [illegible]ties.

The contrast with the property industry is stark. "There [illegible] no real incentive [illegible] the landlord to do anything," he [illegible] alluding to an empty warehouse for which [illegible] rent has just doubled even though it [illegible] empty for [illegible] years.

"I think the upward only review [illegible] unfortunate. It avoids bringing down property [illegible] clearing price," [illegible]. The upwards-only [illegible] will be particularly invidious once inflation is under control, [illegible] says.

He [illegible] that [illegible] should be [illegible] years long. "The only real way to set a rent is when both parties can walk [illegible] from each other," he says.

Mr Ruddell [illegible] *that* [illegible] mean [illegible] risks for landlords, but he thinks that retailers might be prepared to [illegible] higher rents in return. In any case, [illegible] believes the point [illegible] be debated.

More open [illegible] would have other benefits, [illegible] discussion, for example, would [illegible] retailers to share their thoughts about lon[illegible] term planning, helping [illegible] smooth [illegible] troughs in the development cycle.

But an era of free and open discussion between tenant and landlord [illegible] the board level appears some [illegible]. "It is *surprisingly difficult* [illegible] hold of principals [illegible] a discussion on [illegible] the industry [illegible] heading," [illegible] Mr Ruddell.

Perhaps [illegible] reluctance [illegible] institutions [illegible] companies to talk about change is understandable. While [illegible] are prepared to consider leases of between [illegible] and 20 years, [illegible] would favour [illegible] lease of just 10 [illegible].

However, Mr Ruddell thinks they are [illegible]sighted. "Sup*posing landlords decide not to* change, then in the long run [illegible] value of their portfolio will diminish."

He suggests that the conquest of inflation may result in [illegible] methods of property finance. If retailers were dissatisfied with the terms of their existing property suppliers, they would encourage new suppliers to [illegible] the market.

This point is a controversial one. It may be that consumers show [illegible] strong preference [illegible] out-of-town shopping centres, [illegible] could send the institutionally-dominated high street into decline, taking the rigid, institutional lease down with it.

However, it [illegible] the availability of finance will not be enough to attract new entrants into a property industry [illegible] by [illegible] planning controls. Once the current *surplus of* [illegible] *absorbed,* the landlords [illegible] once again, [illegible].

The outcome of the debate between landlords and [illegible]. However, [illegible] of [illegible] important tenants should give [illegible] industry [illegible] for thought. The most successful property companies and institutions [illegible] the [illegible] could well [illegible] those which start giving their clients what they want.

Rudd: rethink [illegible]

CAPITAL GROWTH (%)

	Retail	Office	Industrial	All Properties
Year [illegible] June 91	-9.4	-16.0	-8.4	-12.0
[illegible] June 91	-0.9	-3.8	-0.1	-1.9
[illegible] of June 91	-0.1	-1.1	[illegible]	-0.4

Investment Property Databank

Bids in for round one of Hungary's big sale

BIDS ARE now on the table for the first Hungarian construction [illegible] property company to be sold to foreign investors. This is Kunép, which has been chosen for the first round of Hungary's privatisation programme after nearly 25 years in state hands.

Ernst & Young, which is marketing the company for [illegible] government, says it has received firm bids and expressions [illegible] interest from investors in Hungary – including one from Kunép's employees, who believe they can fund the deal from their own savings – continental Europe and North America.

The Hungarian goverument is likely to favour a proposal which will keep the company intact, although bids are being considered for parts of the [illegible]. The winning bid will be decided in September.

Kunép was formed from the merger of two construction companies [illegible] by the town councils [illegible] and Kiskunhalas, near the Yugoslavia border. It originally [illegible] on housing, schools and small industrial units, in [illegible] region.

The depression in the construction market in [illegible] persuaded [illegible] invest in land, both as a hedge against inflation and to *underpin its construction* capacity. Its land holdings includes 60 hectares of "extremely attractive and unspoiled," land at Lake Balaton, a tourist resort. Kunép has planning permission to build an 18-hole golf course, chalet-type houses and [illegible] small marina.

In an attempt [illegible] drum up more business, Kunép has opened an office in Budapest, where it hopes to benefit from [illegible] upturn in building activity and the possibility that the World Expo fair will be held there in 1995.

European and North American groups are in the running

The company [illegible] diversify into construction components and commercial and computer [illegible]. high degree of vertical integration is perhaps the [illegible] obvious, [illegible] not the only point of difference with the western construction industry. Kunép is very different in terms of [illegible] organisation [illegible] approach," says Mr Eugene Bannon of Ernst & Young.

In 1990, Kunép made pre-tax *profits of 22.9m forints* (£179,000) and had net assets of 186,234 forints (£1.5bn). The company has a full order book for 1991 and is negotiating contracts for 1992. As well as its assets and order book, the appeal of buying an established company is the *knowledge it brings of* location, local economy and bureaucracy, [illegible] Mr Bannon.

From Kunép's point of view, it hopes [illegible] benefits of privatisation will be the introduction [illegible] modern plant and equipment, sophisticated computer software and the ability [illegible] market its services on a broader front.

UK companies are conspicuous by their absence from the bidders from Kunép. But according to Ms Jane Woolley, of the Royal Institution of Chartered Surveyors, there are many *UK entrepreneurs looking to* establish [illegible] or joint ventures with Hungarian developers. Such [illegible] are taking a long term view, she says. Of all the east European countries, Hungary may be the closest to having a western-style property *market, but the returns* are not going to be quick.

Vanessa Houlder

LEGAL NOTICES

Eric Woodward (Electrical) Limited

Registered No: 983882
Trading name: Eric Woodward (Electrical) Limited
Trade classification: 6
Name and address of joint administrative receivers:
David John Stokes and Michael Joseph Moore
Cork Gully
1 East Parade
Sheffield S1 2ET
Office holder numbers 2882 and 5562
Date of appointment: 1 August 1991
Name of appointor: 3i plc
Date 2/8/91

Name of company: Liniect Industrial Services Limited

Registered No: 1540361
[illegible]: Liniect Industrial [illegible] Limited
Trade classification: 6
Name and address of joint administrative receivers:
David John [illegible] and Michael [illegible] Moore, Cork Gully, 1 East Parade, Sheffield S1 2ET, Office holder numbers 2882 and 5562
Date of appointment: [illegible] August 1991
Name of appointor: 3i plc
Signed D [illegible] *Stokes*
Date: 2/8/91

Vaba Industries Limited

Registered No: 1833004
Trading name: Vaba Industries Limited
Trade classification: 6
Name and address of joint administrative [illegible]:
David John Stokes and Michael Joseph Moore
Cork Gully
1 East Parade
[illegible] S1 2ET
Office holder numbers 2882 and 5562
Date of appointment: 1 August 1991
Name of appointor: 3i plc
Date: 2/8/91

Priest Furnaces Limited

Registered No: 2186215
Trading name: Priest Furnaces Limited
Trade classification: 6
Name and address of joint administrative receivers:
David John Stokes and Michael Joseph Moore
Cork Gully
[illegible] Parade
[illegible] S1 2ET
Office holder numbers: 2882 and 5562
Date of appointment: 1 August 1991
Name of appointor: 3i plc
Date: 1/8/91

No. 005379 of [illegible]
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF THE METROPOLITAN TRUST PLC
- and -
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High court of Justice (Chancery Division) dated 30th July 1991 confirming the reduction of the capital of the above named Company from £16,150,000 to £15,000,000 and the Minute approved by the Court showing with respect to the capital to the Company as altered the several particulars required by *the above mentioned Act were registered by* the Registrar of Companies on 1st August 1991.

Slaughter and May
35 Basinghall Street,
London EC2V 5DB
Solicitors for the above named Company

No. 007581 of 1991
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF WESTPOOL INVESTMENT TRUST PLC
and
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated 29th July 1991 confirming (a) the reduction of the share capital [illegible] the share premium account and (c) cancellation of the capital redemption reserve and the Minute approved by the Court showing with respect to the capital of the Company as altered the several particulars required by the [illegible] mentioned Act were registered by the Registrar of Companies on 1st August 1991.

Slaughter and May
35 Basinghall Street
London EC2V 5DB
Solicitors for the above named Company

No. [illegible] of 1991
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF THE SUMMIT GROUP PLC
[illegible]
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated 29th July 1991 confirming the reduction of the share premium account of the above named Company by £92,000,000 was registered by the Registrar of Companies on 1st August 1991.

Slaughter and May
35 Basinghall Street
London EC2V 5DB
Solicitors for the above named Company

EC reform proposals criticised

By our Agriculture Staff

THE European Commission's proposals for reforming the Common Agricultural Policy [illegible] not go nearly far enough, [illegible] British parliamentary report says.

The cross-party H[illegible] [illegible] Lords Select Committee on the European Communities highlights two principal flaws in the Commission's proposals which were presented amid great controversy to farm ministers last month.

The proposals link price cuts and production curbs in some sectors to compensation heavily weighted in favour [illegible] small farmers.

The report [illegible] [illegible] they fail [illegible] distinguish [illegible] the [illegible]cific objectives [illegible] agriculture policy and other [illegible], social and environmental objectives; and that they also fail to take proper account [illegible] the external influences on the EC's farm policy.

These "dangerous flaws" could well mean "the continuation – even the growth – [illegible] expensive and inefficient mechanisms to protect Community agriculture from competition", the [illegible]port [illegible].

The committee welcomes the Commission's commitment to reform but accuses it of show[illegible] a "parochial attitude".

If its plans go ahead, it will increase strains with the Community's trading partners and undermine rather than protect the security of the EC's food supplies, it [illegible].

The Committee itself [illegible] [illegible] "the [illegible] means of reform should [illegible] through [illegible] in price support."

It supports the [illegible] [illegible]d [illegible] in cereal [illegible] – some 42 per cent over three years – and calls for similar [illegible] [illegible] other commodities.

The report criticises the Commission's emphasis on reducing production through set-aside and other output controls. These [illegible] have [illegible] [illegible] a transitional feature of the reform package but should not be adopted [illegible] a permanent measure.

Above all, the committee rejects the Commission's proposals to introduce permanent aids for all smaller farmers – a proposal already roundly criticised by UK ministers as being unfair to Britain.

"The Commission assumes, without [illegible] justification, that within the agricultural sector the preservation [illegible] the small family farm is of itself an inherently desirable objective [illegible] public policy becau[illegible] of the social [illegible] environmental [illegible] it [illegible] and that the distribution of public support for agriculture should be weighted in favour of such farms."

It adds: "We [illegible] [illegible] logical reason or empirical evidence that [illegible] small family farm, whatever that is, should be better placed to provide such benefits than [illegible] other type of farm".

Instead [illegible] automatic aid [illegible] small farmers, [illegible] committee would like to [illegible] [illegible] thorough examination [illegible] the possibility of using the fixed redeemable bond, as proposed by [illegible] Stefan Tangermann of [illegible] University of Gottingen.

This would have the great advantage, the report [illegible] of establishing a fixed level of adjustment aid payable over a [illegible]rmined period.

It would not have any impact [illegible] production and would allow farmers "quite freely [illegible] diversify into [illegible]ricultural activities, [illegible] part-timers, [illegible] leave the industry altogether".

Development and Future of [illegible] CAP. House of Lords, 16th Report. [illegible]

Colombians want to form coffee '[illegible]'

COLOMBIA want[illegible] [illegible] form [illegible] Latin American coffee bloc [illegible] would [illegible] [illegible] which collapsed after [illegible] international export quota system broke down in July 1989, *announced Mr Luis Fernando* Jaramillo, Colombia's foreign minister, Reuters reports from Managua.

Mr Jaramill[illegible] [illegible]id that [illegible]ombian President Cesar Gaviria planned to meet Presi[illegible] [illegible] Collor [illegible] Mello of Brazil on September 2 to dis[illegible] forming a "Latin Ameri[illegible] [illegible] [illegible]."

The [illegible] presidents first dis[illegible] the proposal at the Ibero-American presidential summit in Guadalajara, Mexico, last month, he said.

"A joint effort by Latin American producers is necessary in [illegible]rder to defend our economies which are now severely affected by low international coffee prices," Mr Jaramillo said.

The International Coffee Organisation's export quota [illegible] collapsed in July 1989 when producers could [illegible] agree [illegible] [illegible] [illegible] [illegible] market.

Mr Jaramillo, in Managua on *Wednesday [illegible] part of a Cen[illegible]* [illegible] tour, said [illegible] [illegible]zil, Colombia [illegible] the Central [illegible] [illegible] [illegible] [illegible] per [illegible] [illegible] the [illegible] coffee p[illegible].

● Coffee consumption in the former East Germany should reach the [illegible] of western Germany's next [illegible], according to *trader Bernhard Rothfos.* [illegible] would be a few years [illegible] the quality was equal.

"They are catching up very fast," said the company's spokesman, Mr Hans Mueller-Henniges.

Egypt to boost cotton exports

By Max Rodenbeck in Cairo

EGYPT [illegible] announced plans [illegible] triple exports of quality cotton this year, but experts believe it will be hard to recapture [illegible] [illegible] [illegible] a [illegible] [illegible] falling yields.

Mr Ahmed Shouman, [illegible] of the state-owned General Organisation [illegible] Cotton, said *that Egypt would earmark* 155,000 bales (720lb each) – nearly a quarter of expected output – for export this year, regardless of local demand.

In the [illegible] [illegible] [illegible] exported [illegible] bales, down from 685,000 bales 10 years previously. Mr Shouman also [illegible]id Egypt would drop [illegible] [illegible] [illegible] and [illegible] up [illegible] *free* [illegible] cotton exchange by [illegible].

Since the 1960s, state agencies have told farmers how much land [illegible] plant with [illegible] and have fixed producer prices far below world market levels.

With growers turning to [illegible] *lucrative crops* an[illegible] deman[illegible] from the local [illegible] industry rising, less [illegible] Egypt's famed long-staple cotton [illegible] been available [illegible] export.

Industry sources have [illegible] doubt on Egypt's ability [illegible] regain its market share. "It's not as [illegible] [illegible] some people think", said the manager of a *state cotton trading* [illegible] "It is a very traditional market. We have been unreliable and our p[illegible] [illegible] high. Once you *lose a customer, it's hard* [illegible] lure them back."

Experts also fear that th[illegible] legacy of state control has eroded the business acumen needed [illegible] a [illegible]h to free market trading.

"The World Bank [illegible] behind the move [illegible] liberalise," [illegible] an industry [illegible] "But [illegible] [illegible] *talking about people who don't* know [illegible] difference between selling short and selling long. [illegible] lack [illegible] expertise [illegible] [illegible] [illegible] [illegible] exchange."

Egyptian Cotton Exports (720 lb bales)

1990-91	45,000*
1989-90	140,000
1988-89	[illegible]
1987-88	285,000
1986-87	435,000
1985-86	[illegible]
[illegible]	445,000
1983-84	510,000
1982-83	552,000

[illegible] [illegible] [illegible] Advisory [illegible]
[illegible] *Official Egyptian estimate

Higher US production expected

NEW YORK cotton traders expect next Monday's US Department of Agriculture crop production report to forecast US cotton output this sea[illegible] at between 1m and 2m bales higher than last year's, reports Reuters from New York.

In July, [illegible] depar[illegible] *estimated* [illegible] *the crop would* [illegible] 16.2m bales ([illegible] lb each), compared [illegible] last year's [illegible] bales.

[illegible] said that Monday's report would be the USDA's first "objective" yield forecast as it would be the first [illegible] of the season to be based on [illegible] gathered by [illegible] *department itself. It* [illegible] [illegible] expected [illegible] give the [illegible] accurate picture of the US crop size to date.

But some warned that because of delayed plantings in much of the country's [illegible] growing area this spring, it might still be too early in the growing [illegible] for [illegible] definitive production assessment to be made.

"Our [illegible] is 16.488m bales an[illegible] others [illegible] [illegible] [illegible] high as 17.5m," said Mr Jarral N[illegible]per, director [illegible] [illegible] [illegible] the [illegible] Jernigan Group.

"The USDA has been out in the [illegible] counting and weighing bolls [illegible] than just [illegible] ing along [illegible] [illegible] people are [illegible] [illegible] In that sense, this report will [illegible] a little more meaning," he said.

"But I don't [illegible] who you talk [illegible]o, everyone is a little *confused right now.* I[illegible] [illegible] mixed [illegible] [illegible] [illegible] and no one is completely comfortable with estimates," Mr Neeper said.

"The report will [illegible] significant and people will [illegible] attention [illegible] it, but because of [illegible] crop situation at this early date, it will be viewed [illegible] [illegible] scepticism," he added.

Mr Ernest [illegible] [illegible] cotton specialist at [illegible] Securities, said he expected a [illegible] [illegible] of about 16.55m bales but admitted that "no one *really knows, everybody is* guessing".

■ Projections for the 1991-92 Chinese [illegible] crop have [illegible] to 22m bales, compared with [illegible] [illegible] [illegible] of 23.2m [illegible], [illegible] [illegible] [illegible] said in a field report from Beijing based on the situation as at [illegible] 1.

[illegible] said that [illegible] *lower* production figure [illegible] expected because of flood damage in [illegible] provinces of the Yangtze River basin and minor drought stress in parts of the North China plain.

High costs to halt Chilean gold project

By Pablo Bachelet in Santiago

HIGH COSTS and start-up difficulties have forced Anglo American Corporation (South Africa) to suspend mining operations from September 1 at Marte, a $38m gold venture in the Chilean Andean plateau.

A company report [illegible] the local stock exchange, released by Minera Tres Cruces, the operator of the project, did not specify [illegible] reasons for the shut-down, [illegible] simply [illegible] "the mine has not [illegible] able [illegible] [illegible] its operational costs, producing important losses." The report does not specify either dollar figures or production losses resulting [illegible] the suspension.

However, Mr Alfredo Thal, general [illegible] of Anglo's operations [illegible] Santiago, said [illegible] [illegible] plant was designed to produce about 80,000 troy ounces of gold per annum. A *small production* [illegible] [illegible] obtained for some time, Mr Thal said, from [illegible] already accumulated in heap leaching stacks. Once these were depleted, however, production would [illegible] "while further [illegible] [illegible] carried out."

[illegible] Cruces [illegible] [illegible] [illegible] cent owned by Anglo. Cominco Resources International, a gold concern based in Canada, owns an additional 27.5 per cent [illegible] Chemical Bank (US) another 20 per cent. The mine started producing in 1989.

[illegible] an out-of-court settlement, Anglo and [illegible] decided [illegible] jointly sell Lobo, a promising [illegible]by deposit with 72m tonnes of ore, containing 1.6 grammes [illegible] tonne.

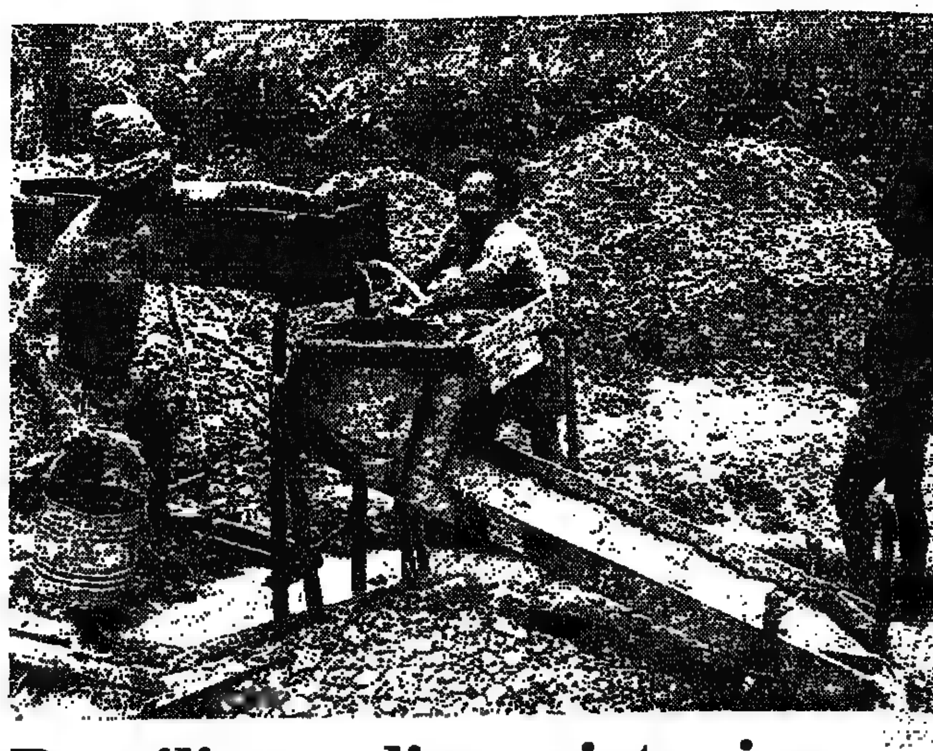
Anglo itself [illegible] [illegible] feasibility and engineering studies for Marte. The mine is located in the Maricunga [illegible] district, on [illegible] southern fringe of the Ata[illegible] desert.

Tres Cruces says in the stock market statement that in spite [illegible] efforts by the technical staff to save the venture "the sustained low price of gold only worsened the outlook".

According to the report, the suspension will have "no financial effect on Mantos Blanco", Anglo-American's [illegible] mine [illegible] 1,500km [illegible]h of [illegible]iago. Mantos [illegible] [illegible] [illegible] 75,000 tonnes [illegible] year [illegible] copper, fine [illegible], in [illegible] [illegible] of [illegible].

Indu[illegible] sources in Santiago say that the mine suspension was [illegible] to [illegible] [illegible] [illegible] start-up difficulties including a string of industrial accidents. Harsh weather conditions and unexpectedly high [illegible] content in the mineral [illegible] to snags [illegible] the plant's crushing [illegible] agglomerating circuits.

Mining people said that Marte's output last year was just one-quarter of design [illegible].



Brazilian police evict miners

By Victoria Griffith in [illegible] Paulo

BRAZILIAN police have shut down Bom Futuro, one of the biggest tin reserves [illegible] the world, after its miners [illegible] accused of laundering [illegible] *for drug traffickers* and destroying the environment.

More than 3,000 miners were evicted *from the area after* their mining equipment was shut down.

Ebesa, a mining [illegible] *49 per cent owned by the mineral* giant Paranapanema, has been engaged in a four-year battle to oust the unlicensed miners, or "garimpeiros". However, the garimpeiros' exit [illegible] not necessarily spell victory for [illegible] company.

"The mine has been closed down completely and indefi*nitely," said* [illegible] *Ricardo* Aguiar, [illegible] [illegible] security for the [illegible] [illegible] of Rondonia, where Bom Futuro is locat[illegible]. "Ebesa is not being allowed [illegible] operate either." The final decree which closed the mine [illegible] issued by the [illegible] [illegible] [illegible] of Rondonia.

Mr Romeu Tuma, chief [illegible] Brazil's federal police, announced last week that the government was ready to shut down all mines in the Amazonian state of Rondoni[illegible] because of suspicion[illegible] [illegible] [illegible] [illegible]peiros were laundering money *for Colombia's drug cartels.*

Bom Futuro, which had already run into trouble with environmental damage, was the first to be closed down.

Another 6,000 miners – mostly of gold – remain in the state. They have been given a week to clear the area before they, too, will [illegible] forci*bly evicted.*

Suspicions of drug trafficking were raised when Ms Raquel Can[illegible], [illegible] [illegible] representative, denounced [illegible] fellow [illegible] from Rondonia for alleged links with Colombia's drug barons.

"We have good reason to [illegible] that [illegible] river traffic in the [illegible] [illegible] not being used only for the transport of minerals," said Mr Tuma. "There is no question that that the Rondonian miners are engaged in laundering drug money."

In its heyday, Bom Futuro employed 20,000 miners and produced 32,000 tonnes of tin a year. Production levels were cut to just half that in [illegible] when the government ruled that none of the tin from the Rondonian mine could be exported. Because Brazil consumes little tin domestically, [illegible] [illegible] [illegible] miners no legal market.

The miners won a small victory [illegible] [illegible] [illegible] when the courts upheld their right to stay in [illegible] [illegible].

Peru's [illegible] output recovers

PERU'S copper output rose 37.4 per cent in the first six months of 1991 compared with [illegible] same period last year, preliminary official figures showed, Reuters reports from Lima. [illegible]t th[illegible] r[illegible] was almost entirely [illegible]ted [illegible] by the resumption of [illegible] full production after a long strike during the [illegible] period.

Copper pr[illegible] in [illegible] period [illegible] [illegible] tonnes, com[illegible] with [illegible] tonnes in 1990, the [illegible] and [illegible] Ministry [illegible].

Large companies r[illegible] output by 40.5 per cent because Southern Peru Coppe[illegible] Corporation, which *accounts for* [illegible] thirds [illegible] the country's copp[illegible] output, recovered production levels after a 50-day strike in early 1990, it said. Medium-sized companies' output grew by 11.1 per cent but production by small operators fell by 13.3 per cent.

The absence of [illegible] also helped zinc output rise by 6.8 per cent, with production from January to June reaching [illegible] tonnes, compared with [illegible] tonnes [illegible] year earlier. Again, large companies [illegible] [illegible] [illegible] bulk [illegible] the rise. Their output gain averaged 15.1 per cent compared with a 3.4 per [illegible] rise for [illegible]sized [illegible] [illegible] [illegible] 4.8 per [illegible] fall for small [illegible]ators.

The p[illegible] [illegible] similar [illegible] lead, with first-half production rising 8 per cent to 97,272 *tonnes.*

[illegible] output grew slightly during the period to reach 28.65m troy ounces, compared with 28.2m troy ounces a year earlier.

● Zaire's copper exports will reach 300,000 tonnes or more in 1991, but wildcat strikes are a growing problem, according to a senior executive at Gecamines, the state mining corporation, Reuters reports from Kinshasa.

"The [illegible] [illegible] [illegible]pendent) trade unions and multi-party politics ... has led [illegible] wildcat strikes which seriously [illegible] our business," said Mr [illegible] Liongo, chairman and managing [illegible] of [illegible] Commercials.

[illegible] [illegible]t strike, which has disrupted shipment[illegible] [illegible] mines in Shaba province, bordering on Zambia, [illegible] *launched by Zairean rail workers* [illegible] month, Mr Liongo said.

Gecamines [illegible] for [illegible] per cen[illegible] [illegible] Zaire's export earnings and 30 per cent of the national budget, Mr Liongo claimed.

WORLD COMMODITIES PRICES

MARKET REPORT

STERLING'S weakness continued to support copper prices yesterday and on the London Metal Exchange the cash positi[illegible] closed £14.50 higher at £1,324.50 a tonne. But [illegible] described business as "routine", with the dollar price *of the metal little changed.* Aluminium's upward correction was [illegible] in the [illegible] [illegible] fundamental developments [illegible] encourage follow-through [illegible] Wednesday's technically-motivated rise. Dealers said the $4.50 fall to $1,275.50 a tonne for [illegible] aluminium [illegible] reflected caution [illegible] of today's LME [illegible] [illegible] *report,* [illegible] *is expected* [illegible] [illegible] [illegible] [illegible] metal rising to [illegible] new [illegible] following Monday's small but unexpected fall. Nickel prices firmed again, but with the [illegible]h and three months positions both rising by [illegible] the cash premium remained at $12.50 a tonne. Dealers said the rise was halted when the three *months position ran into* resistance [illegible]d selling at [illegible] a tonne. The price edged [illegible] from [illegible] level [illegible] [illegible] [illegible] [illegible] a tonne. London raw sugar futures had mainly dropped back by late afternoon reflecting [illegible] York's [illegible] trend in the [illegible] [illegible] supportive physical offtake. [illegible] cocoa futures *continued to fall from the recent* three-month highs.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$16.35-6.40u	+0.15
[illegible] (dated)	[illegible]	[illegible]
[illegible]	[illegible]	+0.25
W.T.I. (1 pm est)	[illegible]	-.275
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium [illegible]	$244-246	+2
[illegible] Oil	$188-189	+3
Heavy F[illegible] Oil	$69-71	+1
Naphtha	$201-203	+3
Petroleum Argus [illegible]		
Other		+ or -
[illegible]	[illegible]	-0.10
[illegible] (per troy oz)♣	[illegible]	-1.0
Platinum [illegible]	[illegible]	[illegible]
[illegible] oz)	$86.25	
Copper [illegible]	107.0c	+1
Lead (US Producer)	50c	
Tin (Kuala Lumpur market)	[illegible]	
Tin (New York)	[illegible]	+1.5
Zinc (US Prime Western)	62.0c	
[illegible] (live weight)†	108.75p	-0.98*
Sheep (dead weight)†	122.64p	[illegible]
Pigs (live weight)†	62.41p	-0.76*
[illegible] daily sugar [illegible]	[illegible]	+9.4
[illegible] daily sugar [illegible]	$337.0y	-1.5
[illegible] and Lyle [illegible]	£283	+5
[illegible]	[illegible]	
Maize (US No. 3 yellow)	£178.5z	
Wheat (US Dark Northern)	£101.5z	+1
[illegible]	52.25p	
Rubber (Oct)♥	52.75p	
Rubber (KL RSS No 1 Sep)	227.5m	-1.5
Coconut oil (Philippines)§	$455q	
Palm Oil (Malaysian)§	$345.0u	
Copra (Philippines)§	$305z	
Soyabeans (US)	£152.0z	-3
Cotton "A" Index	74.80c	-0.2
Wooltops (64s Super)	370p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Sep/Oct t-Oct/Dec u-Sep x-Jul/Aug y-Aug/Sep z-Aug j-Oct/Nov. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per [illegible])

[illegible]	[illegible]	Previous	High/Low
Oct	[illegible]	212.40	212.00 206.60
[illegible]	198.00	201.20	200.00 195.00
Mar	193.00	[illegible]	196.00 192.60
May	195.40	[illegible]	198.00
[illegible]	197.00	200.20	[illegible]
[illegible]	[illegible]	[illegible]	High/Low
Oct	[illegible]	292.0	291.6 [illegible]
[illegible]	[illegible]	[illegible]	[illegible] 279.0
Mar	277.5	279.0	278.6 276.0
May	277.4	278.7	277.8 276.0
Aug	277.4	278.7	[illegible]

Turnover. [illegible] (477) [illegible] 50 [illegible]
White 1807 (1527)
Paris- White (FFr per tonne): [illegible]

CRUDE OIL – IPE $/barrel

	[illegible]	Previous	High/Low
Sep	19.66	19.43	19.71 19.43
Oct	19.68	[illegible]	19.71 19.45
Nov	[illegible]	19.59	19.73 19.60
Dec	[illegible]	19.53	19.71 19.61
Jan	[illegible]	19.40	19.56
IPE [illegible]	[illegible]	[illegible]	19.46

Turnover 28079 (27736)

GAS OIL – IPE [illegible]

	[illegible]	[illegible]	High/Low
Aug	184.00	182.50	[illegible] 182.00
Sep	185.75	185.25	[illegible]
Oct	[illegible]	[illegible]	188.25 187.00
Nov	189.50	[illegible]	[illegible] 188.75
Dec	191.00	[illegible]	[illegible] 189.75
Jan	188.00	[illegible]	[illegible]
Feb	184.25	[illegible]	184.50 184.25
Mar	177.00	177.[illegible]	177.00
Apr	174.50	174.00	[illegible]

Turnover [illegible]

FRUIT & VEGATABLES

[illegible] are 58-75p a lb [illegible] *weeks best fruit buy* reports the FFVIB.Peaches and nectarines are plentiful at 15-30p each (18-25p). Citrus fruits are another good buy with grapefruit at 25-35p each for white varieties,40-45p each. for red types and oranges at 10-30p each depending on size. Other [illegible] vegetable buys include courgettes at 35-60p a lb (35-60p). English carrots remain in good [illegible] at 15-22p a lb (15-22p). Dutch and English tomatoes are at 55-70p a lb (75-80p). Lettuce is still [illegible] good summer buy with iceberg at 48-65p each (48-65p) and round lettuce at 25-35p each (25-35p).

[illegible] – London [illegible] £/tonne

	Close	Previous	High/Low
Sep	648	663	661 [illegible]
Dec	688	698	697 686
Mar	722	730	730 721
May	[illegible]	748	747 [illegible]
Jul	757	766	[illegible]
Sep	[illegible]	[illegible]	[illegible] 778
Dec	[illegible]	[illegible]	[illegible] 805
Mar	829	833	832 829
May	[illegible]	[illegible]	847 [illegible]
Jul	[illegible]	[illegible]	[illegible] 860

Turnover: [illegible] (8193) lots [illegible] 10 tonnes
[illegible] (SDRs per tonne) Daily price [illegible] Aug 7 [illegible] ([illegible] 11) 10 day average [illegible] Aug [illegible] (826.60)

COFFEE – [illegible]

	[illegible]	Previous	High/Low
Sep	519	526	[illegible]
Nov	542	548	547 [illegible]
Jan	562	571	[illegible]
Mar	580	587	[illegible]

Turnover: [illegible] (4454) [illegible]
ICO indicator prices (US cents per pound) for Aug 6 : Comp. d[illegible] 63.62 (64.21). 15 day average 63.89 (63.76)

POTATOES – London FOX £/tonne

	Close	Previ[illegible]	High/Low
Apr	103.0	100.9	103.0 101.0

Turnover [illegible] (51) [illegible] 20 [illegible]

SOYAMEAL – London FOX £/tonne

	[illegible]	[illegible]	High/Low
Dec	133.00	135.00	[illegible]
Feb	136.00		136.00

Turnover [illegible] (76) [illegible] of 20 tonnes

FREIGHT – London FOX $10/index point

	[illegible]	[illegible]	High/Low
Aug	1498	1470	1485 1470
Sep	1570	1539	1570 1535
[illegible]	[illegible]	[illegible]	[illegible] 1625
Jan	1655	1635	[illegible] 1635
Apr	1658		1640 1640
BFI	1442	[illegible]	1442

Turnover 216 (187)

GRAINS – London FOX £/tonne

Wheat	[illegible]	Previous	High/Low
Sep	111.45	111.15	111.20 111.20
Nov	115.15	114.90	115.10 [illegible]
Mar	121.85		121.70
May	124.85	[illegible]	[illegible]
Barley	[illegible]	[illegible]	High/Low
Sep	[illegible]	109.55	[illegible]
Nov	113.75	[illegible]	113.60 113.55

Turnover: Wheat 63 (78), Barley 126 (43)
Turnover lots of 100 tonnes.

[illegible] – London [illegible] (Cash [illegible] p/kg

	[illegible]	[illegible]	High/Low
Oct	101.0	101.0	100.0
Nov	102.0	101.0	101.0

Turnover 21 (28) lots of 3,250 kg

MGMI – London FOX

	[illegible]	Prev	High	Low	Vol
[illegible]	[illegible]	138.24			
Sep	[illegible]	140.20	140.50	[illegible]	[illegible]
Oct	140.40	140.10	[illegible]	[illegible]	105
Dec	141.40	140.30	141.40	141.40	50
[illegible]	[illegible]	142.00	142.50	142.50	45

[illegible] METAL EXCHANGE ([illegible] supplied by Amalgamated [illegible] Trading)

	Close	Previous	High/Low	AM Official	Kerb close	[illegible]
Aluminium, 99.7% purity ($ per tonne)						Total daily [illegible] 19,229 lots
Cash	1275-6	1279-81		1272-3		
3 months	1305-6	1311-12	1312/1302	1303-4	1304-5	110,256 lots
[illegible] Grade A (£ per tonne)						Total [illegible] 12,100 lots
Cash	1324-5	1309-11		[illegible]		
3 months	1345-5.5	1332-3	[illegible]	[illegible]	[illegible]	124,908 lots
[illegible] (£ per tonne)						Total daily turnover 1,818 lots
Cash	322.5-323	320.5-22.5	[illegible]	322.5-2.75		
3 months	333-333.5	332.5-3.5	[illegible]	[illegible]	334-4.5	14,082 lots
[illegible] ($ per tonne)						Total daily turnover 1,315 lots
Cash	[illegible]	8180-90	8260	8260-65		
3 [illegible]	[illegible]	8170-75	[illegible]	[illegible]	8270-75	13,779 [illegible]
Tin ($ per [illegible])						Total daily [illegible]
Cash	[illegible]	5700-10		[illegible]		
3 months	[illegible]	5783-85	[illegible]	[illegible]	[illegible]	[illegible]
[illegible] High [illegible] ($ per tonne)						Total daily [illegible]
Cash	1064-4.5	1081-3	1064.5/1063	1064-5		
[illegible]	[illegible]	1077-78	1079/1078	1078.5-9	1077-8	[illegible] lots

[illegible] £/$ rate: [illegible] 3 months: [illegible] [illegible] [illegible]

LONDON BULLION MARKET
(Prices suppli[illegible] by N M Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	357.0-357.50	
Opening	356.50-356.90	
Morning fix	357.00	[illegible]7
Afternoon fix	357.60	[illegible]5
Day's high	[illegible] 10-358.30	
Day's [illegible]	364[illegible]	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	5.15	6 months	5.08
2 months	5.11	[illegible]	5.03
3 months	5.10		

Silver fix	p/fine oz	US cts [illegible]
Spot	231.65	397.25
3 months	237.95	402.75
6 months	243.65	408.70
12 months	255.85	420.65

GOLD COINS
(Prices [illegible] [illegible] Engelhard [illegible]

	$ price	£ equivalent
Krugerrand	358.00-3[illegible]	210.00-210.50
[illegible]	366.00-3[illegible].00	214.50-215.00
[illegible] Sovereign	86.00-87 [illegible]	50.50-51.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike [illegible] $ tonne	Sep	[illegible]	[illegible]	Dec
1200	91	127	1	[illegible]
1300	18	[illegible]	28	40
1400	1	[illegible]	110	99
Copper (Grade [illegible])	**Call[illegible]**		**Puts**	
[illegible]	125	[illegible]	5	[illegible]
2250	[illegible]	82	29	84
2350	[illegible]	44	91	144
[illegible]	Sep	Nov	Sep	Nov
500	27	52	1	4
550	[illegible]	19	20	21
600		5	74	57
Cocoa	Sep	Dec	Sep	Dec
625	31	84	7	[illegible]
650	17	68	18	30
675	8	54	34	41
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1900	1		2	20
1950	20		14	
2000	3	29		

[illegible] York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Aug	357.2	356.6	[illegible]	356.4
Sep	358.3	357.8	[illegible]	358.0
[illegible]	[illegible]	[illegible]	360.7	359.1
Dec	[illegible]	[illegible]	364.1	362.5
Feb	[illegible]	366.1	367.2	[illegible]
Apr	369.6	369.2	370.5	369.2
Jun	[illegible]	[illegible]	373.3	372.4
Aug	376.1	375.7	0	0
Oct	379.4	379.0	0	0

PLATINUM 50 troy oz; $/troy oz.

	[illegible]	Previous	High/Low	
Aug	347.4	354.9	0	0
Oct	[illegible]	358.4	357.5	[illegible]
Jan	[illegible]	363.1	362.5	[illegible]
Apr	[illegible]	367.1	366.0	363.0
Jul	[illegible]	371.1	0	0
Oct	[illegible]	[illegible]	0	0
[illegible]	[illegible]	[illegible]	0	0

[illegible] 5,000 troy oz; cents/troy oz.

	[illegible]	[illegible]	High/Low	
Aug	391.1	[illegible]	0	0
Sep	392.7	397.0	398.5	392.0
[illegible]	[illegible]	[illegible]	0	0
Dec	399.2	403.6	405.0	398[illegible]
Jan	400.7	405.1	0	0
Mar	406.1	[illegible]	[illegible]	405.5
May	410.8	415.3	415.0	415.0
[illegible]	415.5	420.1	421.0	417.0
Sep	420.4	425.1	425.5	421.0
Dec	428.3	433.2	433.5	431.5

HIGH GRADE COPPER 25,000 [illegible]

	[illegible]	[illegible]	High/Low	
Aug	102.30	102.30	102.40	[illegible]15
Sep	102.35	102.55	102.70	102.00
[illegible]	101.75	101.65	101.50	101.50
Nov	101.40	101.55	101.[illegible]	101.10
Dec	101.00	101.20	101.20	100.80
Jan	100.40	100.60	0	0
Feb	99.95	100.15	[illegible]	0
Mar	99.45	99.65	99.40	[illegible]
Apr	98.80	99.00	[illegible]	[illegible]
[illegible]	[illegible]	98.40		

CRUDE OIL (Light) 42,000 US galls $/barrel

	[illegible]	[illegible]	High/Low	
Sep	21.65	21.36	21.72	21.46
Oct	21.53	21.30	21.60	21.37
Nov	21.41	21.23	21.47	21.28
Dec	21.24	21.13	21.30	21.12
[illegible]	21.16	21.01	21.17	21.07
Apr	20.74	20.64	20.70	20.62
May	20.70	20.55	20.60	20.60
Jun	20.60	20.49	20.53	20.51

HEATING OIL 42,000 US galls, cents/[illegible]

	[illegible]	Previous	High/Low	
Sep	[illegible]	5898	5990	5920
[illegible]	[illegible]	6016	6100	6035
[illegible]	[illegible]	6126	6205	6130
Dec	6275	6224	6300	6240
Jan	6290	6243	6320	6250
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jun	5648	5670	5725	5595

[illegible]

	Close	Previous	High/Low	
Sep	1050	1069	1056	1045
Dec	1113	1130	1125	1108
Mar	1156	1166	1162	1148
May	1185	1192	1183	1177
Jul	1202	1213	1205	1193
Sep	1233	1236	1225	1225
Dec	1263	1268	0	0
Mar	[illegible]	1310	0	0
May	[illegible]	1329	1311	1307
Jul	1355	1364	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Sep	80.70	81.65	81.75	80.00
[illegible]	[illegible]	85.15	85.10	83.50
Mar	[illegible]	88.70	[illegible]	[illegible]
May	[illegible]	90.75	[illegible]	89.60
Jul	92.70	93.00	93.00	92.30
[illegible]	[illegible]	96.00	95.00	[illegible]
Dec	97.75	98.[illegible]	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	[illegible]	[illegible]	High/Low	
Oct	9.15	9.32	[illegible]	9.13
Mar	8.73	8.87	[illegible]	8.72
[illegible]	8.71	[illegible]	8.80	[illegible]
Jul	[illegible]	[illegible]	[illegible]	8.66
Oct	8.70	8.82	[illegible]	[illegible]

COTTON 50,000; cents/lbs

	Close	Pr[illegible]	[illegible]	
Oct	69.77	70.85	[illegible]	[illegible]
Dec	69.90	71.47	[illegible]	[illegible]
[illegible]	[illegible]	72.12	70.75	[illegible]
May	71.05	68.45	71.45	[illegible]
Jul	71.70	68.10	0	0
Oct	68.52	0	68.47	68.45

ORANGE JUICE 15,000 [illegible]; [illegible]

	[illegible]	[illegible]	High/Low	
[illegible]	117.70	118.15	117.80	117.00
Nov	116.70	117.15	116.80	[illegible]
Jan	115.65	116.30	116.15	[illegible]
Mar	[illegible]	118.85	117.00	116.25
Jul	[illegible]	117.05	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Aug.8	Aug.7	mnth ago	[illegible] ago
1685.9	1666.5	[illegible]	1791.3

DOW JONES (Base: Dec. 31 1974 = 100)

	Aug.7	Aug.6	[illegible] ago	yr ago
Spot	119.31	120.08	123.41	131.71
Futures	122.04	[illegible]	[illegible]	[illegible]

Chicago

SOYABEANS 5,[illegible] bu min; cents/60lb bushel

	Close	Previous	High/Low	
Aug	566/4	567/2	560/4	[illegible]
Sep	560/0	561/0	565/4	[illegible]
Nov	570/0	571/0	575/4	[illegible]
Jan	580/6	581/6	586/0	[illegible]
Mar	590/0	592/0	596/0	[illegible]
May	598/0	600/0	603/0	[illegible]
Jul	601/0	605/0	608/4	[illegible]

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Aug	20.04	20.57	20.55	20.0[illegible]
Sep	20.07	20.65	20.72	20.00
Oct	20.22	20.82	20.85	20.[illegible]
Dec	20.62	21.[illegible]	21.25	[illegible]
[illegible]	20.70	[illegible]	21.42	[illegible]
Mar	21.13	[illegible]	21.69	[illegible]
May	21.36	[illegible]	21.86	[illegible]
Jul	21.51	21.95	22.00	[illegible]
Sep	21.90	0	0	0

[illegible] 100 [illegible]

	[illegible]	[illegible]	High/Low	
Aug	177.9	175.9	178.3	174.0
Sep	176.1	175.0	176.6	[illegible]
Oct	175.7	174.5	176.0	[illegible]
Dec	176.0	174.6	176.2	172.5
Jan	176.2	174.5	176.3	173.0
Mar	176.2	174.7	176.5	[illegible]
May	176.7	175.6	177.0	[illegible]
Jul	176.5	175.5	177.0	[illegible]

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Sep	250/0	248/4	251/2	[illegible]
Dec	253/6	252/2	255/2	[illegible]
Mar	260/0	258/2	261/4	[illegible]
May	264/0	263/0	264/6	[illegible]
Jul	266/4	265/2	267/0	[illegible]
Sep	255/0	253/0	255/0	[illegible]
Dec	252/2	250/0	252/4	[illegible]

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Sep	294/2	292/6	295/2	[illegible]
Dec	307/4	306/0	309/0	[illegible]
Mar	313/6	312/0	314/6	[illegible]
May	309/0	307/4	310/4	[illegible]
Jul	299/4	297/4	300/4	[illegible]
Sep	307/0	306/0	0	0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Aug	65.62	67.00	66.35	[illegible]
Oct	68.65	70.12	69.60	[illegible]
Dec	71.40	72.30	72.40	71.15
Feb	71.15	72.00	71.95	71.00
Apr	72.12	72.85	72.97	72.10
Jun	70.85	71.30	71.30	70.85
Aug	69.25	70.25	69.90	69.25

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Aug	51.25	52.15	52.15	51.[illegible]
Oct	43.20	43.37	43.67	43.00
Dec	42.70	43.10	43.35	42.6[illegible]
Feb	42.95	42.97	43.15	42.60
Apr	41.80	42.00	42.15	41.70
Jun	48.30	48.62	48.70	48.25
Jul	46.55	46.67	0	46.[illegible]
Aug	44.97	45.42	0	44.[illegible]

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Aug	42.75	42.05	42.95	41.[illegible]
Feb	47.67	47.25	48.35	47.10
Mar	47.15	46.57	47.75	46.[illegible]
May	48.10	47.70	48.70	48.10
Jul	48.90	49.00	49.25	[illegible]
Aug	45.55	45.60	0	45.[illegible]

LONDON STOCK EXCHANGE

Shares edge upwards in late trading

By Terry Byland, UK Stock Market Editor

Account Dealing Dates		
*First Dealings:		
Jul 29	Aug 12	Sep 2
Option Declarations:		
Aug 8	Aug 29	Sep 12
Last Dealings:		
Aug 9	Aug 30	[illegible]
Account Day:		
Aug 19	[illegible]	Sep [illegible]

*New-time dealings may take place from 8.30 am two business days earlier.

A LACK of follow-through in New York and European markets to this week's unexpected reduction in US Federal Funds rate left London initially without direction yesterday. But as the Dow Industrial Average challenged its peak early in the new Wall Street session, UK equities edged above the FT-SE *2,600 mark, closing just under* the peak on the Index reached last Friday.

Traders reported that, beneath a calm exterior, the London market attracted [illegible]nificant institutional interest yesterday. Seaq-reported volume increased to [illegible] *from the 490.8m of the previous* session. Retail, or customer, [illegible] in equities rose [illegible] £1.2bn on Wednesday, and market specialists believed that the value total for yesterday, when announced this morning, will confirm a high level of retail business. The contrast between high [illegible] and the narrow trading range in [illegible] indices would [illegible] that institutions [illegible] balancing portfolios [illegible] reflect the [illegible] trading range established on a base around Footsie 2,550.

After moving closely around its overnight levels, the FT-SE Index ended the session firmly, with a net gain on the day of [illegible] taking [illegible] to 2,600.6, with the *all-time peak* [illegible] *only 1.1* points ahead.

Trading volume was swollen by a placing of more than 20m shares in Racal Electronics [illegible] the [illegible] awaited the meeting today of Electronics shareholders to approve the proposed demerger of the [illegible] companies.

Also, the [illegible] faced another heavy list [illegible] results. However, in the event the [illegible] trading news from such leading names as BP, Shell, British Telecom, and BOC was restrained.

Equity strategists stressed that, although [illegible] UK [illegible] market appears to be in [illegible] fairly optimistic mood, the [illegible]tral question for London [illegible] remains what the Bundesbank will do next Thursday when it [illegible] to discuss [illegible]*man interest* [illegible] *and what* will be the next trend in [illegible] York market.

Mr Trevor Laugharne, [illegible] Kleinwort Benson Securities, [illegible] London merchant bank, said that a full-point rise in the German Lombard rate would set the FT-SE back just at a time [illegible] it faces a heavy rights issue load, and that any bounce in London would then have to wait until the next base rate cut arrived.

[illegible] domestic [illegible], the outlook remained gloomy [illegible] investors absorbed this [illegible] heavy round of job cuts at leading British compani[illegible]. Consumer-orientated [illegible] moved narrowly around [illegible] levels, with the [illegible] manufacturing and retailing [illegible] still unset[illegible] by indications this [illegible] of a renewed price war in [illegible] *supermarkets of Britain.*

But building and construction shares found selective support as some investors [illegible] the view that the [illegible] has suffered enough.

Financial [illegible] had a quieter session [illegible] the market continued [illegible] take a relatively *favourable view* [illegible] *trading* [illegible] from the UK [illegible] banks. Insurance shares traded quietly, awaiting further trading news [illegible] leading names.

However, leading market [illegible] were helped by firm performances by [illegible] blue chips. [illegible] and Hanson both found buyers, underlining the market's inability [illegible] decide on where Hanson's acquisition of a stake in the blue chip chemical company will lead.

FINANCIAL TIMES STOCK INDICES

	Aug 8	Aug 7	Aug 6	Aug 5	Aug 2	Year Ago	1991 High	1991 Low	Since Compilation High	Since Compilation Low
Government Secs	85.68	85.65	85.43	85.65	85.33	77.98	85.98	[illegible] (2/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	94.48	[illegible]	94.45	94.01	93.89	88.15	94.84 (5/4)	[illegible]	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	2024.0	2014.9	[illegible]	[illegible]	[illegible]	[illegible]	2024.0 (8/8)	[illegible]	2024.0 (8/8/91)	49.4
[illegible] Mines	178.2	176.7	176.6	177.1	180.7	203.7	222.8 (11/7)	127.0 (15/4)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2600.6	2597.4	2573.3	2585.4	2601.7	[illegible]	2601.7 (2/8)	2054.8 (16/1)	[illegible]	986.9
FT[illegible] Eurotrack 200	1174.09	1174.76	[illegible]	[illegible]	1171.48	[illegible]	[illegible]	938.62 (16/1)	[illegible]	938.62 (16/1/91)
●Ord. Div. [illegible]	4.66	4.72	4.76	4.74	[illegible]	5.35				
●Earning [illegible] % (full)	7.92	8.09	8.19	8.15	8.08	11.58				
●P/E Ratio (Net) (*)	15.68	[illegible]	15.09	15.16	15.27	[illegible]				
SEAQ Bargains 4.45pm	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	18,306				
Equity Turnover (£m)†	[illegible]	[illegible]	823.15	893.10	911.63	743.45				
Equity Bargains†	[illegible]	[illegible]	25,820	25,039	[illegible]	16,849				
Shares Traded (ml)†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	270.6				

Ordinary Share Index, Hourly changes — Day's High 2024.0 — Day's Low [illegible]

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2015.0	2007.7	2013.3	2019.4	2020.1	2019.7	2020.1	2018.8	2021.5

FT-SE 100, Hourly changes — Day's High [illegible] — Day's Low 2588.4

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2597.4	2589.5	2594.7	2597.3	2598.4	2597.2	2596.8	2596.5	2598.0

FT-SE Eurotrack 200, Hourly changes — Day's High [illegible] — Day's Low 1171.42

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1171.42	1172.65	1174.58	1174.03	1174.60	1173.76	1173.63

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55, Basis 1000 FT-SE 100 31/12/83. FT-SE Eurotrack 200 26/10/90. [illegible]

GILT EDGED ACTIVITY

Indices*	Aug 7	Aug 6
Gilt Edged Bargains	[illegible]	[illegible]
5-Day average	95.5	85.4

*SE Activity [illegible] †Excluding [illegible] & [illegible] turnover.

London report and [illegible] Share Index: Tel. 0898 123001.

Placing in Racal Elect

SHARE turnover in Racal Electronics rose to 27m as Smith New Court, the London securities firm, placed 20.4m with institutions at 214p. Racal Electronics' demerger from Racal Telecom is expected [illegible] be approved at its annual general meeting today. On September 16 the two companies will trade on the stock market as Racal Electronics and Vodaphone Group.

The Racal Electronics' shares were issued to cover the expenses of the demerger, to finance [illegible] for those con[illegible] loan [illegible] wanting [illegible] rather than the new Racal Electronics shares, and for [illegible] Electronics [illegible] purchase sufficient [illegible] make [illegible] demer[illegible] in the [illegible].

The shares were quickly placed with institutions. Racal Electronics closed 5 higher at 218p, while Racal Telecom ended 13 stronger at 335p.

Oils active

Shell and BP fell as second-quarter results from both companies came in at the low end of the range of expectations and triggered a welter of downgradings from analysts.

Mr John Toalster, long cautious on the oil sector, said the main disappointment from Shell was the performance of the chemicals businesses. "A £65m currency gain was the main saving grace." He trimmed his historic cost forecast for the current year from £3.15bn to £2.97bn.

The more bullish Kleinwort Benson analysts made a similar adjustment on Shell and cut their estimate for BP by £140m to £960m. Mr Nick Clayton at Smith New Court left his figures unchanged and argued that the fall in the share prices was the result of downgrading elsewhere rather than any surprise in the results. Shell slipped 4 to 523p while BP eased 1¼ to 342p.

BOC pleases

An 8.8 per cent decline in nine-month profits to £235m from BOC was slightly better than expected. Any buying as a result found few willing sellers and the shares climbed 11 to 686p. Analysts at both UBS Phillips & Drew and Kleinwort Benson said the most important news with the results was the company's assurance that *it would take decisive action* over its Glasrock home healthcare division. The analysts interpreted this as meaning disposals, closures or both, and said this would be positive for the share price.

The good sentiment in BOC spilled over into Courtaulds, where a similar stock shortage pushed [illegible] share price 10 higher to 450p.

A slight recovery in the dollar against sterling fed through to international stocks. Hanson led the way on [illegible] buying with [illegible] 214½p. Turnover [illegible] 10m [illegible] represented [illegible] day's trading in [illegible] for almost [illegible] month. Glaxo firmed 9 to equal its previous record high of 1303p, Reuters added 11 at 836p and Wellcome put on 7 to 726p.

Smith & Nephew posted first-half profits down from £364m to £357m, a better performance than the market had feared. Mr James Culverwell at Hoare Govett said the figures "reinforce our view that the company is reaching a turning point". He forecast accelerating profits growth. The shares closed 2 up [illegible] 135½p, [illegible] touching 136½p. Turnover [illegible] highest for almost [illegible] month [illegible] 5.7m.

British Telecom was down ½ [illegible] 389p [illegible] it announced higher than [illegible] first-quarter profits of £825m, up 11 per cent. Mr Chris Tucker at Carr Kitcat & [illegible] said he would be leaving his full year estimate of £3.31bn unchanged. But on the plus side he noted that the trend towards lower call volume growth appeared to be slowing.

Insurance broker Sedgwick saw heavy turnover after securities house Smith New Court traded a block of 1.8m shares at 268p. The stock closed unchanged at 268p.

Commercial Union contin[illegible] gain ground in early trading [illegible] announcing slightly better interim [illegible] on Wednesday than [illegible] had foreseen. The shares slipped [illegible] few pence yesterday [illegible] finish a [illegible] 5 up at 545p, [illegible] reaching [illegible].

[illegible] planks [illegible] confidence [illegible] CU's interim statement was the [illegible] that premium rates will rise. [illegible] expected to benefit Sun Alliance, which [illegible] 9 [illegible] 394p.

The banks appeared [illegible] find [illegible] level following their sharp changes prompted by half-year results during the past couple [illegible] weeks. [illegible] still firm ahead [illegible] the [illegible] payments.

Barclays hardened 3 to 465p, and NatWest was a penny better at 344p on good turnover of 5.8m. Royal Bank [illegible] Scotland, [illegible] warned on Wednesday of poor forthcoming results, and Midland, which came in with losses worse [illegible] expectat[illegible] last Friday, [illegible] unaltered at 183p and [illegible] respectively. [illegible] Lloyds Bank, which has risen steadily on the [illegible] of good results a [illegible], relinquished 5 to 376p as profit-takers moved in.

[illegible] banking group Kleinwort Benson reported [illegible] 19 per cent drop in first-half profits, in line with market forecasts, [illegible] held out little *hope of better prospects in the* second half. The shares ended unchanged [illegible] 321p [illegible] being 7 ahead at [illegible]. Kleinwort [illegible] profits of [illegible] £30.3m [illegible] and [illegible]tained its dividend at 5.3p. Some analys[illegible] had hoped for [illegible] figures to [illegible] year [illegible] most were not surprised. "The results [illegible] I expected," said Alison Deuchars at [illegible] Smith [illegible] Court. "They are pretty dull really."

Burton firmed 2 [illegible] fears [illegible] take-up by [illegible] of [illegible] £161m rights [illegible] began [illegible]. The [illegible] comfortably [illegible] the rights price [illegible] 30p [illegible] brokers [illegible] shareholders to take up their [illegible]. In [illegible] days the nil-paid shares [illegible] been [illegible] focus for market concern [illegible] whether some large [illegible] would [illegible] up [illegible] rights. But yesterday they [illegible] up [illegible] 4p, after a low of ¼p earlier in the week. [illegible] until Tuesday [illegible] up [illegible] rights.

[illegible] story that [illegible] Metropolitan [illegible] about to sell [illegible] Burger King fast food chain pushed [illegible] shares briefly higher. The suggestion [illegible] widely disbelieved, however, and the stock [illegible] from [illegible] day's high [illegible] at 794p for a net gain of [illegible]. [illegible] an upgrading from [illegible] agency bro[illegible] Bass rise 7 to [illegible].

In an otherwise quiet leisure [illegible], holiday tour [illegible] Airtours [illegible] 30 [illegible] yet another [illegible] high. [illegible] were [illegible] loss to explain the rise.

Naaz Holdings confirmed that it had once more edged up its stake in hotel group Buckingham International. It now has 29.96 per cent. The shares, strong earlier in the week, lost 2 to 25p.

Food retailing shares continued to be depressed by fears of a price war breaking out. Tesco announced earlier in the week that it was bringing forward a promotional campaign involving lower prices for own brand goods. Yesterday, the concern about a price war revived after Asda advertised lower prices in [illegible] national [illegible]. [illegible] ended unchanged [illegible] 90p, while [illegible] down [illegible] 273p.

A large buy [illegible] pushed Yorkshire [illegible] 11 [illegible] as [illegible] hunted around the [illegible] stock in [illegible] tightly [illegible] dye [illegible] company.

[illegible] have surged [illegible] by [illegible] per [illegible] the past [illegible] months. [illegible] recent results pleased observers and there has been buying ahead [illegible] interim dividend on Monday.

An agency cross of 815,000 *shares at 337½p depressed BM* Group, the maker and distributor of construction and other industrial equipment. The shares fell [illegible] to 341p.

AIM Group, the aviation and general engineer, [illegible]d forward 10 to 120p on thin volume, reflecting a positive state[illegible]t at th[illegible] com[illegible] annual meeting.

The appearance of a buyer in what is usually [illegible] very thinly traded stock was said to have been behind a rise of 7 to 165p for Gestetner.

Positive sentiment following Wednesday's better than expected interim results lifted GKN another 11 to 360p. Turnover at 737,000 was, however, down from Wednesday's 2.3m. Lucas Industries benefited from the favourable sentiment in GKN, moving up 5 to 145p on turnover of 2.7m.

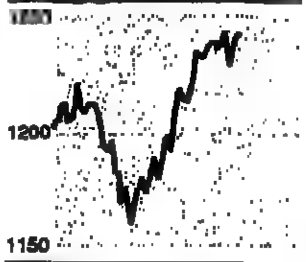
ASW Holdings [illegible] 231p. Smith [illegible] yesterday cut profits expectations for the [illegible] half of [illegible] current [illegible] £14.6m.

Speculation [illegible] UK new car sales for August may be better than expected benefited British Aerospace, owners of Rover, and Lex Service. BAe gained 5 to 573p on [illegible] of 1.1m, while [illegible] put [illegible] 5 [illegible] 203p.

MARKET REPORTERS:
[illegible] Green, Peter John,
Joel Kibazo,
Jim McCallum.

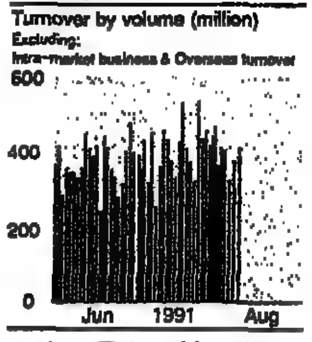
■ [illegible] market [illegible], including the FT-Actuaries Share Indices and [illegible] Options, Page 22.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million) Excluding: Intra-market business & Overseas turnover



TRADING VOLUME [illegible] MAJOR STOCKS

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BP	5,100	342	-1¼	ICI	763	[illegible]	+5	[illegible]	1,000	[illegible]	+1½	Unilever	[illegible]	787	-3
Bunzl	1,200	96	+1	Lucas (Laporte?) [illegible]	[illegible]	[illegible]	[illegible]	Rolls Royce	1,500	153	-½	United Biscuits	1,600	380	+1
Burmah Castrol	255	568		Ladbroke	1,600	274	+1	Rothmans	84	1081	+9	Utd. Newspapers	[illegible]	385	-1
Burton	3,000	34	+2	Land Securities	465	605	-4	Ryl Bk Scotland	2,100	183		Wellcome	[illegible]	726	+7
Cable & Wire	1,200	561		Laporte	220	[illegible]		Royal Insurance	1,400	[illegible]	-4	Welsh Water	[illegible]	388	+2
Cadburys	2,000	379	+7	Legal & General	367	[illegible]	-1	Saatchi	1,300	[illegible]		Wessex Water	[illegible]	391	+1
Calor Group	35	224		Lloyds Abbey	610	406	+4	Sainsbury	1,200	[illegible]	-1	Whitbread 'A'	780	487	-1
[illegible]	947	471	-5	Lloyds Bank	2,300	376	-5	Scottish & New	1,600	[illegible]	-3	Williams Hldgs.	486	324	+1
[illegible]	3,000	172	+1	LASMO	316	331		Scot. Hydro-Elect.	1,400	114		Willis Corroon	610	332	+3
[illegible]	450	545	+5	London Elect.	913	180	-1	Scottish Power	3,900	109½	-1	Wimpey	313	176	+1
				Lonrho	615	244½	+1	Sears	6,600	81½	+1½	Yorkshire Elect.	408	[illegible]	-1
								Sedgwick	3,700	268		Yorkshire Water	55	377	+1

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

NEW HIGHS AND LOWS FOR 1991

NEW HIGHS (98).
BRITISH FUNDS (3) Fd. 6pc 1993, Treas. 2pc IL 1992, Treas. 2pc IL 1994, BANKS (2) Midland, Warburg (SG), CHEMICALS (6) BTP, Cambridge Isotope Labrs., Halstead (J), ICI, Plysu, Yorkshire, STORES (6) Courts, Dixons, Fine Art Devs., Kingfisher, Do. 8½pc 2000, Sherwood, ELECTRICALS (8) Alba, Electronic Data Processing, Electrocomponents, Manvier-Swain, Real Time Control, Renishaw, Thorn EMI, Wholesale Fttgs., ENGINEERING (3) Fairey, Spirax-Sarco, Wagon Indl., FOODS (3) Cranswick Mill, Dalepak, Sims, INDUSTRIALS (8) AAH, Assoc. British Ports, BSS, Courtaulds, Portals, Reliance Secs., INSURANCE (2) Domestic & General, Refuge, LEISURE (3) Airtours, Border TV, Euro Disney, MOTORS (1) Cowie (T), NEWSPAPERS (1) Headline Book Publishing, PAPERS (1) Addison Consultancy, TRANSPORT (4) British Airways, Do Cap. [illegible] Cnv., NFC, Tibbett & [illegible], TRUSTS (8) Aberforth Smaller Wrrnts., Intrum Justitia, Law Deb., Merchants Tst., River & Mercantile, TR Technology Stppd. Prf., MINES (1) Doral Res.
NEW LOWS (33).
CANADIANS (2) Central Capital A, Imperial Oil, BUILDINGS (2) Costain, Higgs & Hill, CHEMICALS (1) European Colour, ELECTRICALS (3) Acorn Computer, Microvitec, Trace Computers, ENGINEERING (4) Firth (GM), WB Inds., Westland, Whewsy, FOODS (2) Albert Fisher, Regina Health, HOTELS (1) Savoy A, INDUSTRIALS (7) Clayhithe, Clearmark, Courtney Pope, Jourdan (T), Nu-Swift, Whitecroft, Wyko, LEISURE (2) TVS Entertainment 7 4pc Prf., TV-am, PAPERS (1) Serif Cowells, PROPERTY (3) Arcadian Intl., Greycoat, Hemingway, TRUSTS (1) Fleming European Fldg. Wrrnts., OILS (4) Alliance Res., Ex. Co. of Louisiana, KZ Oil & Gas, Richmond.

EQUITY FUTURES AND OPTIONS TRADING

TURNOVER in London traded options continued [illegible] yesterday following the boost [illegible] confidence given by the *recent reduction in US* [illegible] Funds rate, writes Jim McCallum.

Once again activity was concentrated in call options, particularly in the FT-SE 100 index. National Power was also in demand [illegible] were closed before the options went *ex-dividend* yesterday.

RTZ was the busiest stock on speculative buying of November 600 calls as higher copper prices and talk of a bid *from Hanson* boosted [illegible] shares.

Just under 25,000 options changed hands, up about 15 per [illegible] the [illegible] and considerably [illegible] the [illegible] of [illegible] in the [illegible].

But [illegible] rise in volume, while welcome news, is still insufficient [illegible] support the current number of brokers committed to the market. Analysts say daily turnover of 30,000 [illegible] needed for [illegible] to break even.

Many dealers said the [illegible] uncertainty over [illegible] future of the options market [illegible] still depressing turnover and is making it difficult [illegible] execute larger trades. One manager at [illegible] securities house said there almost appeared to be a boycott [illegible] options by investors.

LONDON SHARE SERVICE

BRITISH FUNDS

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)						
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Five to Fifteen Years						
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BRITISH FUNDS—Contd

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
106¼	102	Treas. 11¾pc 2001-04	107¾	-⅛	10.69	10.21
Over Fifteen Years						
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Undated						
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Index-Linked						
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have [illegible] reflect rebasing of RPI to 100 in January 1987. [illegible] 3.945. RPI for November 1990: 130.0 and for June 1991: 134.1.

INT. BANK AND O'SEAS

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
103¼	95¾	African Dv Bk 11¼ Ln 2010	103⅞	-⅛	10.77	10.70
[illegible]	[illegible]	Asian Dev Bk 10¼pc Ln 2009	98⅞	-⅛	10.43	10.46
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CORPORATION LOANS

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

COMMONWEALTH & AFRICAN LOANS

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LOANS

Building [illegible]

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Public Board and Ind.

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.771	9.70

FOREIGN BONDS & RAILS

1991 High	1991 Low	Stock	Price £	+ or -	Div % Gross	Red. Yield
50	50	Greek 7pc Ass.	58	....	3.50	f7.00
50	50	Do. 6pc 28 Stb Ass.	58	....	3	f6.00
50	50	Do 4pc Mixed Ass.	58	....	2	f4.00
55	55	Hung. '24 Ass.	55	....	2.75	f3.57
128⅜	120½	Hydro Quebec 15pc 2011	128⅝	-⅛	12.89	11.35

Continued on next page

APPOINTMENTS

Restructure at British Linen Bank

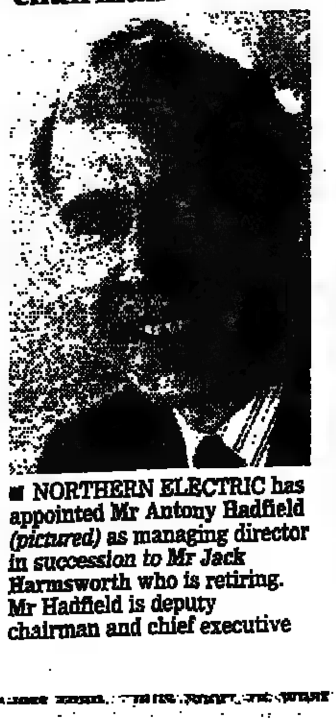
■ THE BRITISH LINEN BANK, Edinburgh, merchant bank of Bank of Scotland Group, has formed a holding company, British Linen Bank Group, covering three subsidiaries - The British Linen Bank, Capital Leasing, and DFM Holdings, the intermediate parent company of Dunedin Fund Managers. All members of the new group board are directors of British Linen Bank, other than Mr Alick M. Rankin who has been appointed [illegible] non-executive director. He is chairman of Scottish and Newcastle Breweries, and a director of Bank of Scotland. Six additional directors have been appointed to the court of directors of The British Linen Bank. They are: Mr D.R. Black, Mr L.M. Forbes, Mr J.E. Kidd, Mr J. McCabe, Mr E.D. Murray and Mr C.W. Young. With the exception of Mr Forbes, who is senior vice president in the bank's Jacksonville office, the others are divisional directors, based in Edinburgh. Mr Forbes will be returning to the UK to take charge of the Manchester office.

■ INSURANCE BROKERS INTERNATIONAL, Lloyd's broker, has appointed Mr Anthony R.L. Oakley as a director. He recently formed a retail subsidiary of IBI. Mr Graham Roberts, Mr Neil Drogman [illegible] Mr David [illegible] joined IBI [illegible] an [illegible] *division.*

■ MEES & HOPE INVESTMENT MANAGEMENT has appointed Mr Gerald Sweeting to the board with responsibility for new business development.

■ *Dr M.D. Cannell* has been appointed managing director of FENNER INTERNATIONAL. He was a director of Summit Equity [illegible].

Northern Electric chairman



■ NORTHERN ELECTRIC has appointed Mr Antony Hadfield *(pictured)* as managing director *in succession to Mr Jack* Harmsworth who is retiring. Mr Hadfield is deputy chairman and chief executive of [illegible] Ireland Electricity, [illegible] up his new [illegible] in [illegible]. Mr William Hook, *personnel director, power* division, [illegible] an [illegible] 1. Dr David Marsh has been appointed chief engineer, power division. He was marketing director (switchgear) with Dorman Smith.

■ Mr Nick Templeton-Ward has been appointed sales and marketing director of PLYSU, Milton Keynes. He was with Albright & Wilson.

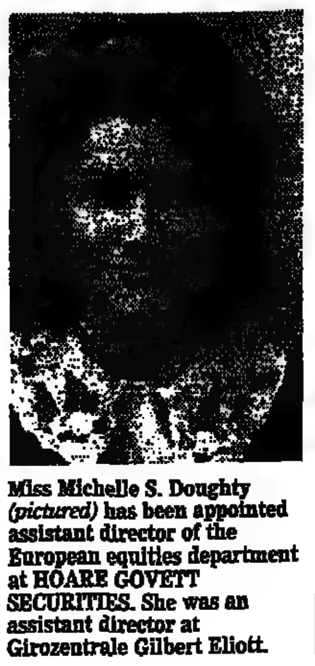
■ Mr John Sykes [illegible] been appointed operations [illegible] *of* THE [illegible] ORGANISATION, Hurstpierpoint, a [illegible]te finance house.

■ Mr Chris Masterson has been appointed an executive director [illegible] MIDLAND MONTAGU VENTURES. He was [illegible] 3i and [illegible] Fund Managers.

■ Mr Nick Pearch has been appointed finance director [illegible] THE TAUNTON CIDER COMPANY. [illegible] was head of planning and analysis with [illegible] *Group.*

■ NORWEST HOLST HOLDINGS, a subsidiary of [illegible] d'Enterprises (SGE), has made the following board changes. Mr Peter Mason has been appointed chairman, succeeding Mr Campbell Allan [illegible] continues as [illegible] non-executive director. Mr Mason [illegible] succeeded as [illegible] by Mr Chris Bucknall [illegible] was running [illegible] & Russell which [illegible] acquired [illegible] year. Mr Andy Stoddart [illegible] deputy managing director. Mr Antoine Zacharias, [illegible], joins the [illegible] to strengthen links with the parent [illegible]. SGE is [illegible] member [illegible] Compagnie [illegible] Eaux Group.

■ CREDIT LYONNAIS LAING [illegible] appointed Mr Philip Kelly as chief [illegible]. [illegible] was managing director of Systemsolve Computer Services. Mr Michael Slinn has retired from the board.



Miss Michelle S. Doughty *(pictured)* has been appointed assistant director of the European equities department at HOARE GOVETT SECURITIES. She was an assistant director at Girozentrale Gilbert Eliott.

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ELECTRICITY

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INDUSTRIALS (Miscel.) – Contd

INDUSTRIALS (Miscel.) – Contd

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TRANSPORT

TRANSPORT—Contd

INVESTMENT TRUSTS

INVESTMENT TRUSTS—Contd

Net asset values supplied by County NatWest Wood Mackenzie

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OIL AND GAS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Contd

Tins

Miscellaneous

NOTES

... Dividend and yield based on prospectus or other official estimates for 1991. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1991. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex [illegible] rights; xa ex all; xc ex capital distri[illegible]

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Craig & Rose £1	640	......
Finlay Pkg. 5p	28	......
Holt (Jos) 25p	1978	......
Helton Hldgs	33	−5
IRG	138	......
United Drug	178	......

IRISH

Cap. 8½% Ln. 2010	£93½	......
9pc Cap Ln. 1996	£97¾	......
Fin. 13% 97/02	£114	+½
Arnotts	171	+1

TRADITIONAL OPTIONS

3-month [illegible]

Industrials

	p
Allied-Lyons	46
Amstrad	7
Astec (BSR)	6
BAT	60
BOC Grp	31
BTR	33
Barclays	38
Blue Circle	24
Boots	30
Bowaters	53
Brit Aerospace	56
British Steel	12
Brit. Telecom	29
Cadburys	33
Charter Cons	45
Comm Union	44
Courtaulds	32
Eurotunnel	50
FKI	6
FNFC	28
Gen Accident	48
GEC	17
Glaxo	80
Grand Met	62
Guardian	19
GKN	31
Hanson	19
Hawker Sidd	39
ICI	80
Ladbroke	22
Legal & Gen	36
Lex Service	20
Lloyds Bank	30
Lucas Inds	13
Marks & Spencer	21
Midland Bk	18
Nat West Bk	27
P & O Dfd	51
Racal Elect	18
RHM	28
Rank Org Ord	63
Ratners	17
Reed Intnl	36
Sears	8½
SmKl. Beecham A	58
TI	45
TSB	12
Tesco	21
Thorn EMI	64
Trust Houses	23
T&N	15
Unilever	60
Vickers	19
Wellcome	40

Property

Brit Land	30
Control Secs	3
Land Securities	45
MEPC	48
Mountleigh	8½

Oils

Aviva Petlm	3
Brit Petroleum	28
Burmah Castrol	49
Conroy Petlm	10
Gaelic Res	1
Premier	6
Shell	41
Tuskar Res	2
Ultramar	30

Mines

Lonrho	21
RTZ	48

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1,150 a year for each security shown, subject to the Editor's discretion.

FT MANAGED FUNDS SERVICE

■ Current Unit Trust prices are available on FT Cityline. [illegible] charged at [illegible] per minute peak and 34p off peak, inc VAT. To obtain your [illegible] Unit Trust [illegible] ring (071) 925-2128.

AUTHORISED UNIT TRUSTS

[illegible]ey Unit Tst Mngrs (1000)[illegible]
[illegible] Oldenhurst Rd Bournemouth 0345 717373

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income						
Gilts & Fixed Inc	6	114.5	114.5	121.4	-0.1	9.47
High Inc Equity	6	133.5	137.1xd	145.8	-0.1	5.83
Worldwide Bond	6	204.3	204.3xd	217.0	-0.4	6.91
Capital Growth						
American Growth	6	202.6	202.6	216.4	-1.0	1.01
Asian Pacific	6	127.1	129.8	138.0	-1.6	1.14
Assets & Earnings	6	178.0	181.7	193.2		2.99
Capital Reserve Acc	0	106.5	106.5	106.6		7.12
Capital Reserve Inc	0	84.25	84.25	84.31	+0.02	7.12
Commdity & Energy	6	77.08	77.08	82.43	-0.27	1.81
1992 Enterprise	6	63.23	63.23	67.62	+0.06	2.85
Euro Capital Acc	6	88.59	88.59	94.74	+0.31	1.43
Euro Capital Inc	6	84.64	84.54	90.52	+0.29	1.43
General	6	170.0	170.0xd	181.8	+0.2	2.75
Japan	6	96.51	96.51	103.2	-0.2	-
Mastertrust	6	89.53	89.53	95.75	-0.17	2.13
UK Growth Acc	6	157.3	157.3	168.2		2.69
UK Growth Dist	6	101.1	101.1	106.1		2.71
[illegible] Co.	6	66.93	66.93	71.58	-0.02	-
Income & Growth	6	302.7	302.7	323.7	+0.3	4.32
Ethical	6	50.67	50.67	54.19	-0.06	3.12
International	6	62.53	63.34	67.38	-0.20	1.31
Dividend & Growth	6	48.55	49.62xd	52.79	+0.06	5.66
Global Gilt & Sec	6	51.75	52.00	55.31	-0.05	1.81

Aberforth Unit [illegible] Ltd [illegible]
[illegible] Chester St Edinburgh [illegible] 7RA 031 220 0731

UK Small Cos	0	990.0	990.0	1040.0	-1.0	0

[illegible] Unit [illegible] Managers Ltd [illegible]
10 Queen's Terrace Aberdeen AB9 1QJ [illegible]

Amer Inc & Growth	5½	30.99	30.99	32.86	[illegible]	2.42
Cash	0	50.79	50.79	50.79	[illegible]	10.38
European	5½	71.58	71.58	75.95	[illegible]	0.30
European Income	5½	74.87	74.87	78.99	[illegible]	1.55
[illegible]	2	772.3	772.3xd	797.8	+2.3	5.13
Extra Income	5½	39.84	39.84	43.08	-0.04	5.76
Far East Spec Sits	5½	50.35	50.35xd	54.08	-0.58	1.19
Fund Inv Tst	5	115.1	116.3	124.2	+0.2	1.38
Fund [illegible]	5	186.3	188.3	201.0	+0.4	1.36

Bishopsgate Progressive Mgmt [illegible] (1200)F
15 St James' Place, London SW1A 1NW 071-493 8111

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Progressive Inc	5	18.74	18.74	19.78		0.82
Progressive Acc	5	28.24	28.24	29.80		0.92
International Inc	5	19.61	19.61xd	20.79	-0.20	0.99
International Acc	5	26.65	26.65	28.15	-0.27	0.99
Cap & Foreign Inc	5	232.1	232.1	245.0	-0.4	0.56
Cap & Foreign Acc	5	277.4	277.4	292.8	-0.5	0.56
Special Sits Inc	5	205.8	205.8	217.2		0.82
Special Sits Acc	5	223.5	223.5	235.9		0.92
PEP Inc	5	134.5	137.0	144.6		2.09
PEP Acc	5	143.6	146.3	154.4		2.09
Growth Inc	5	81.65	81.65	86.17	-0.08	0.34
Growth Acc	5	81.98	81.98	86.52	-0.09	0.34

Brown [illegible] Unit Tst Mgrs [illegible] (0905)F
5 Giltspur St London EC1A 9DE 071-236 6441

Dolphin Special Sits	5½	119.4	119.4xd	127.7		4.10
Dolphin Dividend	5½	60.73	60.73xd	64.55	-0.01	6.77
Dolphin Fxd Inc & Gth	5½	158.7	158.7xd	169.7	-0.4	2.71
Dolphin UK & Gen	5½	34.23	34.40	36.77	+0.06	2.90
[illegible]	5½	47.15	49.14	52.55	-0.07	1.60

Britannia Life Unit Managers Ltd (1200)F
190 West George St Glasgow G2 2PA 041 332 3132

Balanced Growth	6	76.33	76.33	81.63	-0.05	2.71
Do (Accum)	6	80.83	80.83	86.45	-0.05	2.71
Service Cos	6	62.74	62.74	67.10		2.46
Do (Accum)	6	66.00	66.00	70.57		2.46
Income Growth	6	42.51	42.51	45.46	+0.15	5.16
Do (Accum)	6	60.02	60.02	64.19	-0.25	5.16
Higher Yield	6	32.22	32.22xd	34.46	+0.07	5.18
Do (Accum)	6	40.66	40.66	43.49	-0.04	5.18
American Gth Inc	6	32.21	32.21xd	34.44	-0.30	1.20
Do (Accum)	6	32.82	32.82	35.10	-0.30	1.29
European Growth	6	26.39	26.39	28.22	-0.13	1.88
Do (Accum)	6	26.89	26.89	28.76	-0.14	1.86
[illegible] Bond [illegible]	6	22.57	22.65	24.22	-0.03	6.59
[illegible] (Accum)	6	26.08	26.17	27.99	+0.03	6.58
[illegible] Ind Inc	6	25.16	25.24	26.99	-0.03	-
[illegible] (Accum)	6	25.16	25.24	26.99	-0.03	-

Brown Shipley & [illegible] Ltd (1000)F
9-17 Perrymount Rd Haywards Hth 0444 412262/458145

Mngd Prtfolio Inc	6	81.39	81.39xd	86.36	-0.16	2.42
Mngd Prtfolio Acc	6	147.4	147.4	157.0	-0.20	-
UK General	6	117.0	117.0	124.6		4.07
Com & General	6	17.04	17.04	18.15		10.40
European Inc	6	20.98	20.98	22.58	-0.15	0.50
European Acc	6	21.44	21.44	23.08	-0.15	-
Exempt	3	288.6	288.6	302.6	[illegible]	4.47
Financial	6	107.1	107.1	114.1	[illegible]	[illegible]

[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called valuation price. The price at which units are sold back by investors.

CANCELLATION PRICE: The maximum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (▲) - 1401 to 1700 hours; (♣) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING. The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071 - 379 - 0444.

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	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Stewart Ivory Unit Tst Mgrs Ltd (1200)H						
45 Charlotte Sq, Edinburgh						031-226 3271
American ♥	5	306.9	306.9	327.7	+0.9	1.30
(Accum Units) ♥	5	359.0	359.0	383.4	+1.1	1.30
British	5	809.3	809.3	856.2	+0.2	3.81
(Accum Units)	5	1295.6	1295.6	1370.7	+0.3	3.81
European	5	326.2	326.2	347.4	+1.6	1.52
(Accum Units)	5	349.6	349.6	372.4	+1.8	1.52
Japan	5	116.8	116.8	124.7	-0.9	-
(Accum Units)	5	117.7	117.7	125.1	-1.0	-
New Pacific	5	171.2	171.2	182.1	-1.3	1.97
(Accum Units)	5	175.8	175.8	187.0	-1.3	1.97
PEP Aug 7	5	134.9	137.1	145.1		3.03
Mngd Equity	5	121.7	123.5	130.7	-0.1	3.56
Mngd Equity Acc	5	129.3	131.2	138.9	-0.1	3.56
Mngd Cash	5	96.18	96.18	100.9		10.62
(Accum Units)	5	113.9	113.9	119.5		10.62
Mngd Fxd Int	5	120.9	120.9	128.0		6.87
Majority Stkg	1	100.19	100.19	101.19	+0.02	10.39
Majority Stkg Acc	1	105.09	105.09	106.13	-0.02	10.39
Storebrand Intl Inv Mngrs Ltd (1200)F						
Admin: 5 Rayleigh Rd, Hutton, Brentwood, Essex						
Enquiries: 0277 227300 Dealing: 0277 261010						
International July 15	0	50 [illegible]	50.80	51.36		3.47
Sun Alliance Unit Tst Mngmt Ltd (1200)F						
Sun Alliance House, Horsham						0403 56293
Equity	6	604.8	[illegible]	654.9	+1.3	3.20
North America	6	78.46	[illegible]	84.72	-0.37	0.92
Far East	6	92.10	[illegible]	99.50	-0.80	1.03
W'wide Bond	6	47.02	[illegible]	50.02	-0.01	6.20
European	6	66.30	[illegible]	71.99	+0.11	1.39
Equity Income	6	70.56	[illegible]	75.47	-0.02	5.03
Portfolio	6	58.11	[illegible]	62.72	-0.09	2.14
Sun Life of Canada Unit Mgrs Ltd (0800)H						
Basing View, Basingstoke, Hants						0800 525775
American Growth	6	26.47	[illegible]	28.32		0.51
Managed Assets	6	102.67	[illegible]	110.56	+0.01	4.07
UK Income	6	32.60	[illegible]	35.41	+0.05	4.67
UK Growth	6	32.59	[illegible]	35.31	-0.01	3.31

	Bid Price	Offer Price	+ or -	Yield Gross
Edinburgh Fund Mngrs PLC				
Exempt Funds				
American Aug 7	158.9	163.3	+0.1	1.54
Macagre Aug 7	147.3	152.8	+0.4	3.76
Japan Aug 8	114.6	118.8	-1.9	0.08
Sm Jap Cos Aug 9	555.2	570.5	-15.8	0.00
Fidelity Investment Services Ltd				
Mngd Pens P'folio	131.7	135.9	+0.10	3.50
Robert Fleming Asset Mngmt Ltd				
Am Exempt	1480.41	[illegible]	+1.05	1.64
Gen Exempt	1232.56	[illegible]	+0.42	4.17
Jap Exempt	1424.25	[illegible]	+0.74	0.77
Pacific Exempt	1102.33	[illegible]	+0.23	3.07
Cont Euro Exempt	196.58	[illegible]	+0.64	2.32
Indexed Exempt Aug 8	130.22	133.47	+0.26	4.64
Amer Indexd Exm Aug 8	105.57	106.63	-1.07	3.64
Japan Indxd Exm Aug 8	64.05	65.35	-1.75	0.49
Euro Indxd Exm Aug 8	95.92	97.86	+0.53	2.82
O'seas Indxd Exm Aug 8	99.05	101.23	-1.20	2.26
Funds in Court*				
Capital July 17	498.37	502.04		2.44
Gross July 17	179.05	180.50		10.80
High Yield July 17	293.47	295.84		6.96
* Restricted to monies under Court control				
Henderson Unit Trust Management Ltd				
Pensions Mngd	53.72	54.82	+0.13	3.77
INVESCO MIM Management Ltd				
Exempt Funds				
Intl Mngd P'Folio	1296	1301		-
Mngd Pens (Acc)	68.70	73.20		-
Lazard Brothers & Co. Ltd				
Property Jan 3	2360.0	2675.0		6.00
Inc Gth Prp Apr 16	1325.0	1460.0		7.20

Albany Life Assurance Co Ltd - Contd.

	Bid Price
Intl Man Fd Accial	422.9
Japan Fd	262.2
UK Smllr Co's Fd Accial	95.4
European Metro	132.0
Global Metro	100.5
Sunrise Metro	122.0
UK Metro	118.0
Nth American Fd Accial	234.3
Pac Basin Fd Accial	153.3
Prop Fd Accial	333.5
Multiunit...	111.8
Multiple Inv Accial	780.5
Pension Funds	
Brit Blue Chip Accial	198.8
Eu Pen Fd Accial	2389.6
Euro Fd Accial	327.2
Intl Fixed Int	427.6
Fixed Int Acc	877.9
Gt Money Pn Accial	340.0
High Interest	190.0
High Income Fd Accial	140.0
Intl Man Fd Accial	631.6
Jap Pen Fd Accial	357.3
UK Smllr Co's Fd Accial	98.9
European Metro	144.2
Global Metro	107.8
Sunrise Metro	131.5
UK Metro	125.6
N Am Pn Fd Accial	283.2
Pac Basin Fd Accial	177.6
Property Fd	589.2
Mltple Inv Pens Accial	1600.0
Broker Funds	
YRA Strategy	137.9
YRA Performance	123.7
Laughton Dollar (SE)	112.5

Allied Dunbar Assurance Plc

Allied Dunbar Ctr, [illegible] SN1 1EL

	Bid Price	Offer Price
Life Funds		
Fixed Int. Dep. Acc.	318.3	335
Equity Acc.	1027.2	1081
Property Acc.	487.2	512

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

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N & P Life Assurance Ltd
6-7 Bedford Row, London, WC1R 4UJ 071-430 2348

	Bid Price	Offer Price	+ or -	Yield Gross
Life Managed Fd	107.9	113.5	......	–
Pension Managed Fd	106.4	112.0	......	–
Life Deposit Fd	108.5	114.3	......	–
Pension Deposit Fd	114.2	120.2	......	–

National Financial Management Corp PLC
72 Gatehouse Rd, Aylesbury, HP19 3XJ 0296 395539

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Managed Cautionary	111.5	117.4	+0.9	–
Managed Growth	138.2	145.5	+0.9	–
Managed Opportunity	138.7	146.1	+0.9	–
NFMC Target Financial	105.2	110.8	+0.2	–
Pension Funds				
Managed Cautionary	122	128.5	+0.9	–
Managed Growth	146.3	154.1	+1.1	–
Managed Opportunity	139	146.4	+0.8	–
NFMC Target Mngd Pens	1545.7	1627.1	–2.6	–

National Mutual Life
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422

	Bid Price	Offer Price	+ or -	Yield Gross
Harvester Pension Funds				
Managed	164.3	173.0	......	–
UK Equity	172.9	182.0	......	–
Overseas Equity	136.7	143.9	......	–
Fixed Interest	148.8	156.7	......	–
Property	131.9	[illegible]	......	–
Index Linked	147.3	[illegible]	......	–
Deposit	159.4	[illegible]	......	–
With Profits (B)	130.6	[illegible]	......	–

Prosperity Life Assurance Ltd
1 Sessions Hse Sq, Maidstone ME14 1XX 0622 690565

	Bid Price	Offer Price	+ or -	Yield Gross
Initial Equity	152.0	160.5	+0.5	–
Accum Equity	218.5	230.5	+0.5	–
Accum Managed	227.0	239.5	+0.5	–
Accum Five Star	170.0	179.5	+0.5	–
Accum World	125.5	132.5	+0.5	–
Accum Lifetime	110.9	110.9	+0.2	–
Pens Acc Equity	235.5	248.5	+1.0	–
Pens Acc Managed	282.0	297.0	+0.5	–
Pens Acc Intl	209.5	221.0	–0.5	–
Pens Acc Deposit	202.0	213.5	......	–
Pens Acc Five Star	185.5	196.0	+1.0	–

Providence Capital Life Assc. Co Ltd
2 Bartley Way, Hook, Hants RG27 9XA 0256 768808

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity Acc	229.7	242.3	–	–
UK Fixed Int Acc	180.0	189.9	+0.3	–
Intl Equities Acc	177.8	187.6	–0.5	–
[illegible] Managed Acc	176.0	185.6	–0.1	–
[illegible] Acc	224.9	237.3	......	–
[illegible] Acc	130.6	137.8	......	–
[illegible] Market Acc	143.1	151.0	–0.2	–
[illegible] Equity Acc	101.7	107.3	–0.3	–
[illegible] American Acc	107.3	113.2	–0.5	–
[illegible] Acc	95.9	101.2	[illegible]	–
[illegible]	123.5	130.3	[illegible]	–
[illegible] Acc	58.1	61.3	–0.3	–
[illegible]	101.8	107.4	–0.2	–
Residential Prop Acc	96.1	101.4	......	–
Swiss Equities Acc	34.8	36.8	–0.1	–
[illegible] Acc	68.7	72.5	–0.5	–
[illegible] Eq Acc	74.2	78.3	+0.1	–
[illegible] Interest Acc	58.3	61.6	......	–
Int Managed Acc	57.0	60.1	–0.1	–
HIP Managed Acc	118.4	124.8	–0.9	–
HIP Managed II Acc	101.3	106.8	–0.1	–

OFFSHORE INSURANCES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

MANAGEMENT SERVICES

GUERNSEY (REGULATED**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED**)

FT MANAGED FUNDS SERVICE

U.S. Treasury Securities Fund Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Short Term Shares	$769.76			–
Fixed Income Shares	$998.25			–

Yamaichi Capital Mangmt (Guernsey) Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Japan Warr Growth	$10.28		-0.02	–
Yamaichi SS Fund	$7.41		-0.04	–
Yamaichi CB Fling Fund	$8.14		-0.02	–
First Ave Fund	$9.68		-0.18	–
Yamaichi OTC Equity	$9.50		+0.05	–

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

John Govett—Contd.

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Far East Equity	5½	$10.79	10.79	10.89		1.6
US Smaller Cos	5½	$12.76	12.76	12.91	-0.03	1.6
European Equity	5½	[illegible]	13.95	14.09	-0.04	2.0
UK High Income	5	£4.80	4.80	4.82		10.75
UK Equity	5½	£4.95	4.95	5.00	-0.01	3.0

Initial charge may alter for sales to other jurisdictions

Hill Samuel Fund Mgrs (Jsy) Ltd (1000)F

PO Box 63 Bond Street, St Helier, Jersey 0534 76029

JERSEY (REGULATED)(**)

Scrimgeour Kemp-Gee Mangmt, Jersey

	Bid Price	Offer Price	+ or -	Yield Gross
SKG Capital Fund	[illegible]	[illegible]		–
SKG Income Fund	[illegible]	[illegible]		7.95

Target Internat. Management (Jersey) Ltd

LUXEMBOURG (SIB RECOGNISED)

Gartmore Indosuez Funds—Contd.

Bond Portfolios

		Bid Price	Offer Price	+ or -	Yield Gross
Dollar Bond	$-	2.08		-0.01	–
Sterling Bond	£-	1.00			–
French Franc Bond	FFr-	10.00			–
Deutsche Mark Bond	DM-	5.11		-0.01	–
European Bond	Ecu-	1.05			–
Global Bond	$-	2.08		-0.01	–
Diverbond	SFr-	2.55		+0.01	–

Reserve Portfolios

		Bid Price	Offer Price	+ or -	Yield Gross
Dollar Reserve	$-	2.04			–
Sterling Reserve	£-	1.0[illegible]			–
French Franc Reserve	FFr-	10.3[illegible]			–
Deutsche Mark Reserve	DM-	5.18			–
Yen Reserve	Y-	266		+1.00	–

Gartmore Luxembourg SA (a)

39 Allee Scheffer, L-2520 Lux 010 352 4767470

Wardley Investment Services—Contd.

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

Wardley Investment Services Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Wardley S.E. Asia Tst	$13.59	14.35	-0.07	0.88
Japanese Warrants	$6.55	6.94	-0.41	–
Asian Warrants	$11.54	12.22	-0.16	–
European Warrants	$4.72	5.01	-0.06	–
Managed	HK$10.05	10.71	+0.07	–
Private Capital Tst	$19.65		-0.03	–

Wellington Fd Mngrs (Bermuda) Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Intl Growth Fd	$12.80	13.45		–

Wells Fargo U.S. IT Fund

	Bid Price	Offer Price	+ or -	Yield Gross
Wells Fargo A Shs	$10.87		+0.03	–
Wells Fargo B Shs	$11.38		-0.01	–

Xiphias International Investment Fd Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Xiphias Int USD	$1.0469			–
Xiphias Int ECU	Ecu1.0618			–

MANAGED FUNDS NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Designated in Luxembourg as a UCITS (Undertakings for Collective Investment in Transferable Securities). z Offered price includes all expenses except agent's commission. z [illegible] price is Guernsey gross. ‖ Suspended. [illegible] tax. † Ex-subdivision. ‡‡ Only available [illegible] Yield column shows annualised [illegible] ex dividend. [illegible] recognised. The regulatory authorities [illegible] are: Guernsey, Financial Services [illegible] Central Bank of Ireland; Isle of [illegible] Commission; Jersey [illegible] Department, Luxembourg, Institut [illegible] Luxembourgeois

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Short-covering boosts dollar

COVERING OF [illegible] positions pushed the dollar up quite sharply in European trading yesterday. This developed after support for the US [illegible] held at DM1.70. The market was looking for a slide towards DM1.69, but when the higher support level held some [illegible] buying orders were [illegible] prompting [illegible] rush to cover.

Earlier in the Far East the dollar had [illegible] on speculation about [illegible] further easing [illegible] US monetary policy. This followed the comment by [illegible] Robert Parry, president of the Fed[illegible] [illegible] in San Francisco, that [illegible] Fed must act [illegible] maintain "sustainable economic growth." [illegible] [illegible] that the economy isn't clearly out of the woods and that [illegible] [illegible] be fairly modest."

Yesterday's economic news [illegible] [illegible] encouraging than [illegible] Friday's depressing [illegible] employment data. [illegible] applica[illegible] for unemployment insurance [illegible] fell 4,000 in [illegible] [illegible] [illegible] July 27, to [illegible] [illegible]sonally adjusted 400,000.

At [illegible] London [illegible] [illegible] [illegible]lar had climbed to DM1.7240 [illegible] DM1.7100; [illegible] [illegible] from Y135.80; [illegible] [illegible] from SFr1.4940; and [illegible] [illegible] from FFr5.8150. [illegible] [illegible] of England figures [illegible] [illegible] index [illegible] [illegible] [illegible] from [illegible].

Sterling [illegible] ground [illegible] [illegible] [illegible] and [illegible] D-Mark, influenced by the general improvement of the US currency and by expectations that next [illegible] meeting of the Bundesbank council will result in higher German interest [illegible].

Against this background [illegible] belief [illegible] there is still some room to [illegible] [illegible] interest [illegible] had a depressing impact on the pound.

Sterling fell 1.55 points [illegible] $1.6985. It [illegible] declined [illegible] [illegible] from DM2.9300; [illegible] [illegible] from [illegible] and [illegible] [illegible] from Y232.75. [illegible] rose to SFr2.5625 from SFr2.5600. The pound's index [illegible] 0.1 [illegible] [illegible].

In the European exchange rate mechanism sterling remained [illegible] third [illegible] currency. The D-Mark stayed third strongest and [illegible] slightly firmer overall.

Speculation about [illegible] tightening of monetary policy by [illegible] Bundesbank, at next Thursday's council meeting, [illegible] encouraged by a report from the German Economic Ministry's council of economic advisers, criticising the high level of wages in the [illegible] part [illegible] the country.

The Spanish peseta [illegible] slightly, but stayed comfortably at the top of the ERM as the average yield remained at 12.25 per cent at the Bank of Spain's three-month Treasury bill auction. There [illegible] been some speculation that the yield would rise, in view of the Treasury's heavy financing requirements at present.

A widening of France's [illegible] [illegible] [illegible] in June [illegible] FFr4.43bn, from a revised FFr1.90bn in May had little impact on the franc, which remained the second [illegible] [illegible] in the ERM. The D-Mark rose to FFR5.4034 from [illegible] [illegible] [illegible] Paris fixing, but [illegible] peseta eased [illegible] [illegible] [illegible] 100 from FFr5.4400.

£ IN NEW YORK

Aug.8	Latest	Previous Close
£ Spot	1.7015-1.7025	1.7125-1.7135
1 month	0.79-0.77pm	0.77-0.75pm
3 months	2.24-2.21pm	2.27-2.25pm
12 months	7.10-7.00pm	6.95-6.88pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

		Aug.8	Previous
8.30	am	91.0	91.0
9.00	am	91.0	91.0
10.00	am	91.0	90.9
11.00	am	91.0	91.0
Noon		91.0	91.0
1.00	pm	91.0	91.0
2.00	pm	90.9	90.9
3.00	pm	90.9	91.0
4.00	pm	90.9	91.0

CURRENCY MOVEMENTS

Aug 8	Bank of England Index	Morgan** Guaranty Changes %
Sterling	90.9	[illegible]
U.S Dollar	66.0	[illegible]
Canadian Dollar	105.6	[illegible]
Austrian Schilling	109.1	[illegible]
Belgian Franc	110.5	[illegible]
Danish Krone	107.8	[illegible]
D-Mark	117.0	+23.8
Swiss Franc	108.9	+17.7
Dutch Guilder	113.3	+15.4
French Franc	102.1	-13.6
Lira	98.2	-20.1
Yen	137.7	+70.[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for [illegible]

CURRENCY RATES

Aug 8	Bank & rate %	Special * Drawing Rights	European † Currency Unit
Sterling	-	0.787466	0.700644
U.S Dollar	5.50	1.34578	1.19810
Canadian $	8.95	1.54388	1.37326
Austrian Sch	7	16.2301	14.4263
Belgian Franc	7.50	47.5195	42.2480
Danish Krone	9	8.93598	7.93982
D-Mark	6.50	2.30855	2.04971
Dutch Guilder	7.75	2.60112	2.31090
French Franc	10¼	7.85464	6.97594
Italian Lira	11½	1758.31	1534.53
Japanese Yen	5.50	182.757	162.942
Norway Krone	8	9.01673	8.01590
Spanish Peseta	-	144.2285	128.392
Swedish Krona	10.00	8.37479	7.45219
Swiss Franc	6.00	2.01732	1.79416
Greek Drach	19	N/A	226.621
Irish Punt	-	N/A	0.767227

& Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland. † European Commission Calculations. * All SDR rates are for Aug.7

OTHER CURRENCIES

Aug 8	£	$
Argentina	16874.5 - 16896.6	9900.00 - 9910.00
Australia	2.1765 - 2.1785	1.2750 - 1.2760
Brazil	605.260 - 606.130	355.200 - 355.500
Finland	7.0875 - 7.1000	4.1550 - 4.1580
Greece	320.100 - 326.500	186.270 - 190.000
Hong Kong	13.2365 - 13.2545	7.7620 - 7.7640
Iran	115.80*	67.90*
Korea(Sth)	1240.35 - 1260.35	725.10 - 730.90
Kuwait	0.49725 - [illegible]	0.29105 - 0.29115
Luxembourg	60.05 - 60.15	35.35 - 35.45
Malaysia	4.7210 - 4.7290	2.7680 - [illegible]
Mexico	5137.15 - 5142.[illegible]	[illegible]
[illegible]	2.9670 - 2.9715	1.7395 - 1.7420
Saudi Ar.	6.40[illegible] - 6.4800	3.7500 - 3.[illegible]10
Singapore	[illegible] - 2.9425	1.7175 - 1.7225
[illegible] (Cm)	[illegible] - 4.8630	2.8430 - 2.8449
S Af (Fn)	5.4145 - 5.5025	3.1745 - 3.2260
Taiwan	45.70 - 45.80	26.80 - 26.85
U.A.E.	6.2690 - 6.3460	3.6715 - 3.6735

* Selling [illegible]

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Aug 8	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	128.392	-3.92	5.38	68
Belgian Franc	42.4032	42.2480	-0.37	1.62	23
D-Mark	2.05586	2.04971	-0.30	1.55	26
Dutch Guilder	2.31643	2.31090	-0.24	1.49	17
Italian Lira	1538.24	1534.53	-0.24	1.49	17
Irish Punt	0.767417	0.767227	-0.02	1.27	6
Sterling	0.696904	0.700644	0.54	0.71	-11
French Franc	6.89509	6.97594	1.17	0.07	-38
Danish Krone	7.84195	7.93982	1.25	0.00	-32

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Aug 8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6980 - 1.7205	1.6980 - 1.6990	0.78-0.76cpm	5.44	2.25-2.22pm	5.26
Canada	1.9475 - 1.9710	1.9475 - 1.9485	0.85-0.74cpm	4.90	1.18-1.05pm	2.29
Netherlands	3.2915 - 3.3050	3.2950 - 3.3050	¾-⅝cpm	1.82	1¾-1⅝pm	1.74
Belgium	60.05 - 60.35	60.05 - 60.15	12-8cpm	2.00	27-18pm	1.50
Denmark	11.2975 - 11.3465	11.2975 - 11.3075	2-1¼orepm	1.73	4¾-3¾pm	1.53
Ireland	1.0915 - 1.0990	1.0950 - 1.0960	0.09-0.04cpm	0.71	0.31-0.11pm	0.77
Germany	2.9240 - 2.9300	2.9250 - 2.9300	½-⅜pfpm	1.79	1½-1pm	1.71
Portugal	250.00 - 251.90	250.90 - 251.90	99-187cdis	-6.83	231-318dis	-4.37
Spain	182.55 - 183.70	182.80 - 183.10	21-31cdis	-1.71	65-82dis	-1.61
Italy	2187.70 - 2193.70	2192.25 - 2193.25	par-2liredis	-0.55	3-5dis	-0.73
Norway	11.4050 - 11.4490	11.4050 - 11.4150	1¼-⅜oredis	-0.99	2¼-1½pm	0.70
France	9.9385 - 9.9700	9.9600 - 9.9700	1⅝-1⅛cpm	1.51	3⅝-3pm	1.28
Sweden	10.6065 - 10.6440	10.6075 - 10.6175	1-½orepm	0.78	1⅝-⅝pm	0.40
Japan	231.25 - 233.00	231.25 - 232.25	⅞-⅝ypm	3.56	2⅛-2pm	3.56
Austria	20.53 - 20.60	20.53 - 20.56	3⅛-2⅜gropm	1.68	8⅛-5⅛pm	1.38
Switzerland	2.5575 - 2.5675	2.5575 - 2.5675	¾-⅝cpm	3.22	2-1⅝pm	2.93
Ecu	1.4230 - 1.4245	1.4235 - 1.4245	0.17-0.12cpm	1.22	0.31-0.25pm	0.79

Commercial rates taken towards the end of London trading. Six-month forward dollar 4.10-4.05cpm. 12 Month 7.20-7.10cpm.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Aug 8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6980 - 1.7205	1.6980 - 1.6990	0.78-0.76cpm	5.44	2.25-2.22pm	5.26
Ireland†	1.5535 - 1.5705	1.5560 - 1.5570	0.56-0.51cpm	4.12	1.70-1.60pm	4.24
Canada	1.1450 - 1.1470	1.1460 - 1.1470	0.29-0.32cdis	-3.19	0.84-0.89dis	-3.02
Netherlands	1.9150 - 1.9440	1.9430 - 1.9440	0.58-0.61cdis	-3.67	1.81-1.86dis	-3.78
Belgium	38.05 - 38.45	38.35 - 38.45	9.50-11.50cdis	-3.56	30.00-36.00dis	-3.73
Denmark	6.5900 - 6.6675	6.6525 - 6.6575	1.87-2.17oredis	-3.64	5.75-6.50dis	-3.68
Germany	1.6985 - 1.7245	1.7235 - 1.7245	0.50-0.52pfdis	-3.55	1.59-1.62dis	-3.72
Portugal	146.45 - 148.10	148.00 - 148.10	85-100cdis	-7.50	290-320dis	-8.24
Spain	106.40 - 107.65	107.40 - 107.50	61-65cdis	-7.04	180-187dis	-6.83
Italy	1272.80 - 1291.25	1290.75 - 1291.25	6.00-6.50liredis	-5.81	18.40-19.40dis	-5.86
Norway	6.6430 - 6.7200	6.7150 - 6.7200	2.30-2.60oredis	-4.38	7.20-7.90dis	-4.50
France	5.7810 - 5.8700	5.8650 - 5.8700	1.87-1.92cdis	-3.88	5.74-5.84dis	-3.95
Sweden	6.1740 - 6.2685	6.2450 - 6.2500	2.30-2.55oredis	-4.66	7.30-7.85dis	-4.85
Japan	135.30 - 136.55	136.45 - 136.55	0.19-0.21ydis	-1.76	0.57-0.59dis	-1.70
Austria	11.9680 - 12.0900	12.0850 - 12.0900	3.50-3.95grodis	-3.70	10.70-11.90dis	-3.74
Switzerland	1.4885 - 1.5095	1.5085 - 1.5095	0.25-0.28cdis	-2.11	0.80-0.86dis	-2.20
Ecu	1.1920 - 1.2050	1.1925 - 1.1935	0.43-0.40cpm	4.17	1.27-1.21pm	4.16

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Aug 8	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	11¼ - 11	11¼ - 11	11⅛ - 10⅞	11 - 10⅞	10⅞ - 10¾	10⅞ - 10¾
US Dollar	5⅞ - 5⅝	5¾ - 5⅝	5⅞ - 5¾	[illegible] - 5⅞	5⅞ - 5¾	6¼ - 6
Can. Dollar	8⅝ - 8½	8⅝ - 8½	8⅝ - 8½	[illegible] - 8⅝	8⅝ - 8½	8⅞ - 8¾
Dutch Guilder	9¼ - 9	9¼ - 8⅞	9¼ - 8⅞	[illegible] - 9⅛	9⅜ - 9¼	9½ - 9⅜
Swiss Franc	7¼ - 7	7⅜ - 7¼	7⅝ - 7⅜	7⅞ - 7⅝	7⅞ - 7¾	7⅞ - 7⅝
D-Mark	9 - 8⅞	9 - 8⅞	9¼ - 9	9⅜ - 9¼	9⅝ - 9½	9⅝ - 9½
French Franc	9¼ - 9	9⅛ - 9	9⅜ - 9¼	9⅜ - 9¼	9⅝ - 9½	9⅞ - 9¾
Italian Lira	12 - 10	11½ - 10¼	11½ - 11¼	11⅝ - 11⅛	12 - 11⅝	12¼ - 11⅞
Belgian Franc	8⅞ - 8⅝	9 - 8⅞	9¼ - 9	9½ - 9¼	9⅝ - 9½	9⅝ - 9½
Yen	7⅝ - 7½	7⅝ - 7½	7⅝ - 7½	7⅝ - 7½	7⅝ - 7½	7 - 6⅞
Danish Krone	9¼ - 9	9¼ - 9	9½ - 9¼	9⅝ - 9½	9⅞ - 9¾	9⅞ - 9¾
Asian $Sing	4½ - 4	4½ - 4¼	5¼ - 5⅛	5⅜ - 5¼	5⅝ - 5½	6 - 5¾

Long term Eurodollars: two years 6⅞-6¾ per cent; three years 7⅜-7¼ per cent; four years 7⅝-7½ per cent; five years 8-7⅞ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Aug 8	[illegible]	[illegible]	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	[illegible]	B Fr.	ECU
£	1	[illegible]	[illegible]	231.8	[illegible]	[illegible]	[illegible]	2193.	1.948	60.10	1.424
$	0.589	1	1.723	136.4	[illegible]	1.509	[illegible]	1291	1.147	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	1	79.17	[illegible]	[illegible]	1.127	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	4.314	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	259.3	[illegible]
F Fr.	[illegible]	[illegible]	2.938	[illegible]	10.	[illegible]	[illegible]	2201	[illegible]	[illegible]	[illegible]
S Fr.	0.390	[illegible]	1.142	[illegible]	[illegible]888	1	[illegible]	[illegible]	0.760	[illegible]	[illegible]
H Fl.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.777	1	[illegible]	[illegible]	[illegible]	[illegible]
Lira	[illegible]	[illegible]	[illegible]	105.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
C $	0.513	0.872	[illegible]	[illegible]	5.116	[illegible]	[illegible]	[illegible]	1	[illegible]	[illegible]
B Fr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.491	[illegible]	3.241	100.	2.369
ECU	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.317	[illegible]	[illegible]	[illegible]	1

[illegible] per 1,000: French Fr. per 10: Lira per 1,000: [illegible] Fr. per [illegible]

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS
£50,000 64ths of 100%

Strike Price	Calls-settlements Sep	Calls-settlements Dec	Puts-settlements Sep	Puts-settlements Dec
90	[illegible]	3-63	0	0-21
91	[illegible]	3-11	0-01	[illegible]
92	1-36	2-29	[illegible]	[illegible]
[illegible]	0-49	1-54	[illegible]	1-12
94	0-17	1-21	0-49	1-43
95	0-04	0-60	1-36	2-18
[illegible]	0-01	[illegible]	2-33	[illegible]
[illegible]	0	[illegible]	3-32	[illegible]

Estimated volume total, Calls 1884 Puts 1266
Previous day's open int. Calls 30200 Puts 20115

LIFFE US TREASURY BOND FUTURES OPTIONS
$100,000 64ths of 100%

Strike Price	Calls-settlements Sep	Calls-settlements Dec	Puts-settlements Sep	Puts-settlements Dec
93	3-48	3-37	0-02	0-39
94	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	1-55	2-15	[illegible]	1-17
96	1-04	1-45	0-22	[illegible]
97	0-32	1-16	0-50	2-18
98	0-13	0-58	1-31	2-60
99	0-04	[illegible]	2-22	3-42
100	0-01	[illegible]	3-19	4-29

Estimated volume total, Calls 42 Puts 48
Previous day's open int. Calls 1503 Puts 1752

LIFFE BUND FUTURES OPTIONS
DM250,000 points [illegible] 100%

Strike Price	Calls-settlements Sep	Calls-settlements Dec	Puts-settlements Sep	Puts-settlements Dec
8250	1.86	2.19	0.01	0.17
8300	1.37	1.77	0.02	[illegible]
8350	0.89	1.38	0.04	0.36
8400	0.48	1.04	[illegible]	0.52
8450	0.19	0.76	0.34	0.74
8500	0.06	0.53	0.71	1.01
8550	0.02	0.36	1.17	[illegible]
8600	0.01	[illegible]	1.66	[illegible]

Estimated volume total, Calls 5408 Puts 2505
Previous day's open int. Calls 108373 Puts 104573

LIFFE EUROMARK OPTIONS
DM1m points of 100%

Strike	[illegible] Sep	[illegible] Dec	[illegible] Sep	[illegible] Dec
[illegible]	[illegible]	0.88	0	[illegible]
9000	[illegible]	0.65	0.01	[illegible]
9025	[illegible]	0.44	[illegible]	0.06
9050	[illegible]	0.27	[illegible]	0.16
9075	0.06	[illegible]	0.19	[illegible]
9100	0.02	[illegible]	0.40	0.44
9125	0.01	[illegible]	[illegible]	0.67
9150	0	[illegible]	[illegible]	0.91

Estimated volume total, Calls [illegible] Puts 260
Previous day's open int. Calls 2[illegible] Puts 21842

LIFFE EURODOLLAR OPTIONS
US$1m points of 100%

Strike	Calls-settlements Sep	Calls-settlements Dec	Puts-settlements Sep	Puts-settlements Dec
[illegible]	0.75	0.51	0	0.08
[illegible]	0.51	0.32	0.01	[illegible]
9400	0.27	0.18	[illegible]	[illegible]
9425	0.08	0.09	[illegible]	[illegible]
9450	[illegible]	0.04	0.27	0.61
9475	[illegible]	0.01	0.51	0.83
9500	[illegible]		0.75	
9525	0		1.00	

Estimated volume total, Ca[illegible] Puts 80
Previous day's open int. Calls [illegible] Puts 2890

LIFFE SHORT STERLING OPTIONS
£500,000 points of 100%

Price	[illegible] Sep	[illegible] Dec	[illegible]	[illegible] Dec
8825	0.98	1.45	[illegible]	0
8850	[illegible]	[illegible]	0	0
8875	[illegible]	0.96	0	0.01
8900	[illegible]	0.73	[illegible]	0.03
8925	0.09	0.51	[illegible]	0.06
8950	0.03	0.33	[illegible]	0.13
8975	0.01	[illegible]	[illegible]	[illegible]
9000	0	0.11	0.77	0.41

Estimated volume total, Calls 1840 Puts 1037
Previous day's open int. Calls 48871 Puts 36750

LONDON (LIFFE)

[illegible] 9% NOTIONAL GILT *
£50,000 32nds of 100%

	Close	[illegible]	Low	Prev.
Sep	[illegible]	[illegible]	[illegible]	93-14
Dec	93-21	[illegible]	[illegible]	[illegible]

Estimated volume 15846 (22699)
Previous day's open int. 50364 (49083)

US TREASURY BONDS 8% *
$100,000 32nds of 100%

	[illegible]	High	Low	Prev.
Sep	[illegible]	[illegible]24	[illegible]	[illegible]
Dec	95-31			95-25

Estimated volume 1217 (1186)
Previous day's open int. 3682 (3629)

6% NOTIONAL GERMAN GOVT. BOND *
DM250,000 100ths of 100%

	Close	High	Low	Prev.
Sep	84.35	84.42	84.28	84.37
Dec	84.52	84.55	84.47	84.54

Estimated volume 27509 (38092)
Previous day's open int. 86284 (88020)

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND Y100m 100ths of 100%

	Close	High	Low
Sep	96.58	96.63	96.56
Dec	96.92	96.97	96.90

Estimated volume 318 (968)
Traded exclusively on APT

9% NOTIONAL ECU BOND
ECU 200,000 100ths of 100%

	Close	High	Low	Prev.
Sep	98.73	98.80	98.74	98.76
Dec	98.60			98.63

Estimated volume 40 (488)
Previous day's open int. 1183 (1233)

THREE MONTH STERLING *
£500,000 points of 100%

	[illegible]	High	Low	Prev.
Sep	[illegible]	89.25	89.20	[illegible]
Dec	89.70	[illegible]	89.68	89.75
Mar	[illegible]	[illegible]	89.93	89.99
Jun	89.88	[illegible]	89.85	[illegible]
Sep	[illegible]	89.74	89.69	89.73
Dec	89.63	89.63	89.61	[illegible]

Est. Vol. (inc. figs. not shown) 20631 (24805)
Previous day's open int. 138225 (138347)

THREE MONTH EURODOLLAR *
$1m points of 100%

	Close	High	Low	Prev.
Sep	94.25	94.25	94.22	[illegible]
Dec	93.93	93.94	[illegible]	[illegible]
Mar	93.86	93.85	93.81	93.77
Jun	93.45	93.44	93.42	93.37

Est. Vol. (inc. figs. not shown) 3253 (3712)
Previous day's open int. 30802 (30036)

THREE MONTH EUROMARK *
DM 1m points of 100%

	Close	High	Low	Prev.
Sep	90.62	90.63	90.59	[illegible]
Dec	90.61	90.62	[illegible]	[illegible]
Mar	90.81	90.83	[illegible]	[illegible]
Jun	90.93	90.94	[illegible]	90.95
Sep	91.08	91.10	91.07	[illegible]
Dec	91.18	91.23	91.20	[illegible]

Estimated volume 16523 (2[illegible])
Previous day's open int. 124[illegible] (123535)

THREE MONTH ECU
ECU 1m points of 100%

	Close	High	Low	Prev.
Sep	90.04	90.08	90.03	90.08
Dec	90.13	90.14	90.12	90.1[illegible]
Mar	90.44			[illegible]
Jun	90.59			90.59

Estimated volume 251 (486)
Previous day's open int. 5214 (5093)

THREE MONTH EURO SWISS FRANC
SFR 1m points of 100%

	Close	High	Low	Prev.
Sep	92.12	92.12	92.10	[illegible]
Dec	92.25	92.27	92.25	[illegible]
Mar	92.55	92.58	92.55	92.54
Jun	[illegible]	92.75	[illegible]	92.73

Estimated volume 1816 (872)
Previous day's open int. 18076 (17970)

FT-SE 100 INDEX *
£25 per full index point

	Close	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	2664.0	[illegible]
[illegible]	2711.0	[illegible]	2703.0	[illegible]

[illegible] volume 3917 ([illegible])
Previous day's open int. 39118 (39027)

FT-SE [illegible] 100 INDEX
[illegible] per full [illegible] point

	Close	High	[illegible]	Prev.
Sep	1127.5			1130.0
Dec				

Estimated volume 0 (0)
Previous day's open int. 225 (225)

* Contracts traded on APT after trading hours

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.6985	[illegible]	1.6762	[illegible]	[illegible]

IMM-STERLING $a per £

	Latest	High	Low	Prev.
Sep	1.6980	1.6996	1.6950	1.7040
Dec	1.6750	1.6800	1.6750	1.6838
Mar	1.6606	1.6650	1.6594	1.6680

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Latest	High	Low	Prev.
[illegible]	[illegible]	96-21	[illegible]	[illegible]
Dec	95-24	[illegible]	95-22	[illegible]
Mar	[illegible]	[illegible]	[illegible]	95-05
Jun	94-08	94-08	94-08	94-13
Sep	-	-	-	-
Dec	[illegible]	[illegible]	92-28	[illegible]
Mar	-	-	-	[illegible]
[illegible]	-	-	-	93-24
[illegible]	-	-	-	91-00
Mar	-	-	-	[illegible]

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Sep	94.72	94.74	94.72	[illegible]
Dec	[illegible]	[illegible]	[illegible]	94.62
Mar	94.56	[illegible]	[illegible]	[illegible]
Jun	[illegible]	94.19	[illegible]	[illegible]
Sep	-	[illegible]	-	[illegible]

SWISS FRANC (IMM)
SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Sep	0.6645	0.6665	0.6636	0.6663
Dec	[illegible]	[illegible]	[illegible]	0.6629
Mar	-	-	-	[illegible]

JAPANESE YEN (IMM)
Y12.5m $ per Y100

	Latest	High	Low	Prev.
[illegible]	0.7325	0.7338	0.7313	0.7344
[illegible]	0.7299	0.7312	0.7288	0.7318
Mar	-	-	0.7285	0.7307
Jun	-	-	-	0.7303

DEUTSCHE MARK (IMM)
DM125,000 $ per DM

	Latest	High	Low	Prev.
Sep	0.5810	0.5815	0.5800	0.5826
Dec	0.5751	0.5764	0.5750	0.5775
Mar	0.5720	0.5720	0.5720	0.5731
Jun	-	-	-	0.5691

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Sep	94.24	94.25	94.22	94.21
Dec	93.91	93.95	93.90	93.88
Mar	93.82	93.84	93.81	93.79
Jun	93.41	93.44	93.41	93.39
Sep	92.91	92.93	92.90	92.88
Dec	92.36	92.38	92.35	92.33
Mar	92.28	92.31	92.28	92.27
Jun	92.08	92.10	92.08	92.07

STANDARD & POORS 500 INDEX
$500 times index

	Latest	High	Low	Prev.
Sep	391.30	391.40	391.00	391.95
Dec	393.80	394.10	393.70	394.65
Mar	-	-	397.00	397.50

PHILADELPHIA SE £/$ OPTIONS
£31,250 (cents per £1)

Strike Price	Calls Aug	Calls Sep	Calls Oct	Calls Dec	Puts Aug	Puts Sep	Puts Oct	Puts Dec
1.575	12.85	12.85	12.85	12.85	-	0.08	[illegible]	[illegible]
1.600	10.35	10.35	10.47	[illegible]	-	[illegible]	[illegible]	[illegible]
1.625	7.85	7.89	8.14	8.42	-	[illegible]	[illegible]	2.30
[illegible]	[illegible]	5.80	6.13	6.68	0.04	1.00	1.80	3.56
[illegible]	3.20	3.96	4.44	5.17	[illegible]	1.77	2.70	4.71
[illegible]	1.48	2.70	3.10	3.99	1.11	2.78	3.97	6.09
1.725	0.52	1.55	2.16	2.99	2.63	4.32	5.56	7.62

Previous day's open int: Calls 366,373 Puts 321,800 (All currencies)
Previous day's volume: Calls 7,620 Puts 9,293 (All [illegible])

PARIS

10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES

	Open	Sett price	Change	High	Low	Yield	Open int.
September	105.14	105.16	-0.12	105.18	105.08	9.17	88,472
December	105.26	105.28	-0.10	105.28	105.18	9.16	18,940
March	105.18	105.20	-0.10	105.20	105.12	9.17	4,295

Estimated volume 58,821 Total Open Interest 111,707

THREE-MONTH PIBOR FUTURES (MATIF) (Paris interbank offered rate)

	Open	Sett price	Change	High	Low	Yield	Open int.
September	90.47	90.40	-0.08	90.47	90.39	9.52	23,380
December	90.63	90.58	-0.06	90.63	90.58	9.36	19,465
March	90.78	90.75	-0.06	90.79	90.73	9.19	4,928
June	-	90.82	-0.03	90.83	90.80	9.15	608

Estimated volume 12,150 Total Open Interest 48,581

CAC-40 FUTURES (MATIF) Stock Index

	Open	Sett price	Change	High	Low	Yield	Open int.
August	1795.0	1803.0	+1.0	1804.0	1792.5	-	9,942
September	1808.5	1817.0	+1.5	1817.0	1808.5	-	3,499
October	1821.5	1830.0	+1.5	1828.5	1821.5	-	74
December	-	1856.0	+1.0	-	-	-	768

Estimated volume 5,084 Total Open Interest 14,243

ECU BOND (MATIF)

	Open	Sett price	Change	High	Low	Yield	Open int.
September	104.62	104.56	-0.14	104.66	104.56	9.26	2,337
December	-	104.56	-0.14	-	-	9.26	0

Estimated volume 765 Total Open Interest 2,337

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls September	Calls December	Calls March	Puts September	Puts December	Puts March
102	-	3.39	-	-	0.23	0.50
103	-	-	2.86	0.02	0.38	-
104	-	-	-	0.10	0.65	1.08
105	0.50	1.29	1.65	0.37	1.02	1.48
106	0.15	0.81	-	1.01	-	-
107	0.04	0.50	0.83	-	-	-
Open int	139,351	54,363	11,395	103,736	38,992	18,430

Estimated volume 25,588 Total Open Interest 366,267

BASE LENDING RATES

	%
Adam & Company	11
Allied Trust Bank	11
AIB Bank	11
● Henry Ansbacher	11
B & C Merchant Bank	11
Bank of Baroda	11
Banco Bilbao Vizcaya	11
Bank of Cyprus	11
Bank of Ireland	11
Bank of India	11
Bank of Scotland	11
Banque Belge Ltd	11
Barclays Bank	11
Benchmark Bank	11
Brit Bk of Mid East	11
● Brown Shipley	11
CL Bank Nederland	11
Citibank NA	11
City Merchants Bank	11
Clydesdale Bank	11
Comm. Bk. of London Plc	11
Co-operative Bank	11
Coutts & Co	11
Cyprus Popular Bk	11
Dunbar Bank PLC	11
Duncan Lawrie	11
Equatorial Bank plc	11
Exeter Bank Limited	11½
Financial & Gen. Bank	12.5
First National Bank Plc	14
● Robert Fleming & Co.	11
Robert Fraser & Ptnrs.	11½
Girobank	11
● Guinness Mahon	11
● Hambros Bank	11
Hampshire Trust Plc	13.5
Heritable & Gen Inv Bnk.	11
● Hill Samuel	11
C. Hoare & Co.	11
Hongkong & Shanghai	11
● Leopold Joseph & Sons	11
Lloyds Bank	11
Meghraj Bank Ltd	11
McDonnell Douglas Bnk.	11
Midland Bank	11
Mount Banking	11
NatWestminster	11
Northern Bank Ltd	11
Nykredit Mortgage Bank	12
Provincial Bank PLC	14
Roxburghe Bank Ltd.	12
Royal Bk of Scotland	11
● Smith & Williamson Secs.	11
Standard Chartered	11
TSB	11
Unibank plc	11
● United Bk of Kuwait	11
Unity Trust Bank Plc	11
Western Trust	11
Westpac Bank Corp.	11
Whiteaway Laidlaw	11
Yorkshire Bank	11

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKETS

Rate rise feared

GERMAN [illegible] [illegible] [illegible] be hoarding money for [illegible] [illegible] higher official [illegible] [illegible]. The [illegible] council [illegible] [illegible] Thursday, amid specula[illegible] that the discount, if [illegible] the Lombard [illegible] financing rate, will [illegible] [illegible]. Mr Helmut Schlesinger, [illegible] bank president, and Mr Karl Thomas, head [illegible] one of the central [illegible] regions, have both said that [illegible] discount [illegible] [illegible] [illegible] low.

[illegible] for funds pushed banks' [illegible] holdings [illegible] the Bundesbank up [illegible] DM81.0bn from DM79.4bn [illegible] Tuesday. [illegible] has nudged [illegible] money up [illegible] [illegible] 9 per cent Lombard level. This has prompted increased use of the Lombard facility, with bank's borrowing DM2.2bn [illegible] Wednesday.

In London longer term interest rates rose. Three-month sterling interbank was unchanged [illegible] 11-10⅞ per [illegible] but 12-month money [illegible] to 10⅞-10¾ from 10⅞-10⅝ per [illegible].

Prices of short sterling futures weakened on Liffe as hopes faded that an easing [illegible] the [illegible] Federal Reserve's monetary [illegible] would encourage an early cut in UK bank [illegible] rates. September delivery fell to [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] from 89.75.

[illegible] was in [illegible] supply on [illegible] [illegible] [illegible]. The [illegible] [illegible] England initially [illegible] a shortage [illegible] £1,550m, but [illegible] this [illegible] [illegible] [illegible] noon. Total [illegible] [illegible] £1,358m [illegible] provided.

In early operations the authorities bought £781m bills, including [illegible] outright, by way [illegible] [illegible] Treasury bills in band 1 [illegible] 10⅞ per [illegible] and £129m bank bills in band 1 [illegible] [illegible] per [illegible]. Another [illegible] bills were purchased [illegible] [illegible] [illegible] [illegible] in equal amounts on August 23 and 27, at a rate of 10⅞ per cent. Before lunch another [illegible] Treasury bills were bought outright in band 1 [illegible] 10⅞ per [illegible].

In [illegible] [illegible] £146m bills were purchased outright, via £50m Treasury bills in band 1 [illegible] 10⅞ per cent; £85m [illegible] bills in band 1 at [illegible] per cent; and £11m bank bills in band 2 at 10⅞ per cent. Late assistance [illegible] around £425m was [illegible] provided.

Bills maturing in [illegible] hands, repayment of [illegible] assistance and [illegible] take-up [illegible] Treasury bills drained £996m, with the unwinding of bill repurchase agreements absorbing £310m; exchequer [illegible] £15m; a rise in the [illegible] [illegible] £100m; and bank balances below target £130m.

UK clearing bank base lending rate
[illegible] per cent
from July 12, 1991

FT LONDON INTERBANK FIXING

(11.00 a.m. Aug.8) 3 [illegible] US [illegible]		6 [illegible] US Dollars	
bid 5⅝	offer 5¾	bid 5¾	offer 5⅞

The fixing rates are the arithmetic means rounded to t[illegible]arest one-sixteenth, of the bid [illegible] offered rates for $10m quoted to the market by five reference banks at 11.00 [illegible] each working day. The banks are National Westminster Bank, [illegible] of Tokyo, [illegible] Bank, [illegible] [illegible] [illegible] Paris and Morgan [illegible] Trust.

MONEY RATES

NEW YORK

Lunchtime

Prime rate	8½
Broker loan rate	7¾
Fed.funds	5¾
Fed.funds at intervention	-

Treasury Bills [illegible] [illegible]

One month	[illegible]	Three year	6.87
Two month	5.53	Four year	7.04
Three month	5.49	Five year	7.46
Six month	5.63	Seven year	7.79
One year	5.77	10-year	7.93
Two year	6.46	30-year	8.17

Aug 8	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.90-9.00	8.90-9.05	9.00-9.15	9.15-9.30	9.30-9.50	9.00
Paris	9-9⅛	9⅛-9¼	9¼-9½	9⅜-9½	9⅝-9¾	9.25
Zurich	7⅛-7⅜	7⅝-7⅞	-	7⅞-8	-	-
Amsterdam	8.75-8.88	9.14-9.22	-	9.24-9.32	-	-
Tokyo	7⅛-7¼	7⅛-7⅛	-	7¼-7⅜	-	-
Milan	10⅞-11	11⅛-11⅜	-	11⅝-12⅛	-	-
Brussels	8.75-8.87	9.14-9.22	-	9.24-9.32	-	-
Dublin	9⅞-9½	9⅞-10	10-10¼	10¼-10⅜	10⅛-10⅜	-

LONDON MONEY RATES

Aug 8	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	13½	11¼	11⅛	11	10⅞	10¾
Interbank Bid	11	11	10⅞	10⅞	10¾	10⅝
Sterling CDs	-	-	11⅛	10⅞	10¾	10⅞
Local Authority Deps	11⅛	11⅛	11⅛	10⅞	10¾	10⅞
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	11½	10⅞	10⅞	10⅝	-	-
Company Deposits	-	-	11¼	11	11	10⅞
Finance House Deposits	-	-	11	10⅞	10⅞	10¾
Treasury Bills (Buy)	-	-	10⅞	10⅝	10	-
Bank Bills (Buy)	-	-	10⅞	10⅞	10⅜	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	5.60	5.62	5.77	6.05
SDR [illegible] Dep. [illegible]	-	-	7⅝	7⅞	7⅞	8
SDR Linked Dep [illegible]	-	-	7⅛	7⅛	7⅝	7¾
ECU [illegible] [illegible] Offer	-	-	9⅞	9⅞	9⅞	10
[illegible] Linked Dep. Bid	-	-	9⅞	9¾	9⅞	9⅞

Treasury Bills (sell), [illegible] [illegible] per cent; three months 10¼ per cent; six months 10 per cent; [illegible] Bills (sell); one-month 10⅝ per [illegible] three months 10¼ per cent; Treasury Bills: Average tender rate of discount 10.3082 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day July 31, 1991. Agreed rates [illegible] period [illegible] 26,1991 to September 24, 1991, Scheme I: 12.31 p.c., Schemes [illegible] III: 12.38 p.c. [illegible] [illegible] [illegible] June 29, 1991 to July 31, 1991, Scheme IV&V: 11.138 p.c. [illegible] Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11½ from August 1, 1991; Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 7½ per cent, one-three months 10 per cent, three-six months 9½ per cent; six-nine months 9 per cent; nine-twelve months 9 per cent; Under £100,000 7½ per cent from July.15,1991. Deposits withdrawn for cash 5 per cent.

MONEY MARKET FUNDS

Money Market Trust Funds

CAF Money Management Co Ltd
48 Pembury Road, Tonbridge TN9 2JD 0732 770114

	Gross	Net	Gross CAR	Int Cr
Calcash Deposit Fund	10.77	-	[illegible]	[illegible]
[illegible]	10.87	-	11.32	3 Mth
[illegible]	10.97	-	11.43	3 Mth

The COIF Charities Deposit Account
2 Fore Street, London EC2Y 5AQ 071-588 1815

	Gross	Net	Gross CAR	Int Cr
Deposit	10.75	-	11.19	3-Mth

Cent. Bd. of Fin. of Church of England‡‡
2 Fore Street, London EC2Y 5AQ 071-588 1815

	Gross	Net	Gross CAR	Int Cr
Deposit	10.80	-	11.25	3-Mth

Gartmore Money Management Ltd
2-3 White Hart Yard, London SE1R 1NX. 071-236 1425 071 236 9362

	Gross	Net	Gross CAR	Int Cr
TESSA Desk				
Call Fnd.	10.78	8.08	11.07	6-Mth
7-day Fund	10.81	8.10	11.10	6-Mth
Special Fund	10.50	-	11.02	1-Mth
Dollar	4.24	[illegible]	4.31	3-Mth
TESSA Prime	10.20	-	10.60	3-Mth
TESSA Plus	10.00	-	10.38	3-Mth
TESSA Saver	9.75	-	10.11	3-Mth

Money Market Bank Accounts

AIB Bank High Interest Cheque Account
Belmont Rd, Uxbridge [illegible]SA 0800 282115

	Gross	Net	[illegible]	Int Cr
[illegible]999	[illegible]	[illegible]	9.30	Qtr
[illegible]+	9.75	[illegible]	10.11	Qtr

[illegible] Hume Bank plc
30 City Road, EC1Y 2AY 071-638 6070

	Gross	Net	CAR	Int Cr
Treasury Acc.	9.50	[illegible]	[illegible]	Qtr
Mth Int Chq £1,000-£4,999	9.50	[illegible]	[illegible]	Mth
Mth Int Chq £5,000-£49,999	10.00	[illegible]	[illegible]	[illegible]
Mth Int Chq £50,000+	10.50	7.875	[illegible]	Mth

Allied Trust Bank Ltd
97-101 Cannon St, London, EC4N 5AD 071-626 0879

	Gross	Net	CAR	Int Cr
TOMNA (£2,001+)	11.40	8.55	12.01	Mth
OMNA (£2,001+)	11.00	8.25	11.57	Mth
HICA (£2,001+)	9.50	[illegible]	[illegible]	[illegible]
Premier TESSA	12.50	[illegible]	[illegible]	[illegible]

American Express Bank Ltd
Sussex House, Burgess Hill
West Sussex, RH15 9AW 0444 [illegible]

High Performance Cheque Account	Gross	Net	CAR	Int Cr
Cardmembers				
£500-£999	4.00	3.00	[illegible]	Mth
£1,000-£4,999	9.00	[illegible]	[illegible]	Mth
£5,000-£9,999	9.20	[illegible]	[illegible]	Mth
£10,000-£24,999	9.60	[illegible]	[illegible]	Mth
£25,000-£49,999	9.80	[illegible]	[illegible]	Mth
£50,000-£99,999	10.00	[illegible]	10.47	Mth
£100,000+	10.20	[illegible]	[illegible]	[illegible]
Non-Cardmembers				
£500-£999	3.75	[illegible]	[illegible]	[illegible]
£1,000-£4,999	8.75	[illegible]	[illegible]	Mth
£5,000-£9,999	8.95	[illegible]	9.33	Mth
£10,000-£24,999	9.35	[illegible]	[illegible]	[illegible]
£25,000-£49,999	9.55	[illegible]	[illegible]	[illegible]
£50,000-£99,999	9.75	7.31	[illegible]	[illegible]
£100,000+	9.95	[illegible]	[illegible]	Mth

Bank of Ireland High Interest Cheque Acc
36-40 High St, Slough SL1 1EL 0[illegible]

	Gross	Net	CAR	Int Cr
£2,000-£9,999	8.90	6.675	[illegible]	[illegible]
£10,000+	9.33	7.00	9.66	[illegible]

Bank of Scotland
38 Threadneedle St, EC2P 2EH 071-60[illegible]

	Gross	Net	CAR	Int Cr
MM Chq Acc £2,500-£24,999	9.11	[illegible]	9.50	[illegible]
£25,000+	9.61	[illegible]	[illegible]	[illegible]

Barclays Capital Advantage Account
PO Box 120, Westwood [illegible] Pk, Coventry [illegible] 694242

	Gross	Net	CAR	Int Cr
£10,000-£24,999	[illegible]	[illegible]	[illegible]	Qtr
£25,000-£49,999	[illegible]	[illegible]	[illegible]	Qtr
[illegible]	[illegible]	[illegible]	[illegible]	Qtr

Barclays Prime Account H.I.C.A.
PO [illegible] 125, Northampton 0604 252891

	Gross	Net	CAR	Int Cr
£1[illegible]-£2,499	[illegible]	[illegible]	7.71	[illegible]
£2,500-£9,999	8.20	6.15	[illegible]	[illegible]
£10,000-£24,999	8.90	6.68	[illegible]	Qtr
£25,000+	9.20	6.90	[illegible]	[illegible]

Benchmark Bank PLC Premier [illegible]
86 Newman Street, W1P 3LD. 071-631 [illegible]

	Gross	Net	CAR	Int Cr
£2,500-£10,000	9.50	[illegible]	9.84	Qtr
£10,001-£20,000	9.75	7.[illegible]	[illegible]	Qtr
£20,000+	10.50	[illegible]	[illegible]	Qtr

[illegible] Shipley & Co Ltd
[illegible] Court, Lothbury, London EC2 071-606 9833

	Gross	Net	CAR	Int Cr
HICA	9.625	7.22	[illegible]	[illegible]
Prof Demand A/C	9.[illegible]	7.13	[illegible]	[illegible]

Caledonian Bank Plc
8 St Andrew Square, [illegible] 031 [illegible]

	Gross	Net	CAR	Int Cr
HICA	[illegible]	7.875	[illegible]	[illegible]

Cater Allen Ltd
20 Birchin Lane, London EC3V 9DJ 071-623 2070

	Gross	Net	CAR	Int Cr
HICA	09.75	7.3125	10.1977	Mth
Consort £5,000 min	10.125	7.5938	10.6083	Mth
TESSA	10.75	-	11.2498	Mth

Charterhouse Bank Limited
1 Paternoster Row, EC4M 7DH. 071-248 4000

	Gross	Net	CAR	Int Cr
£2,500-£19,999	9.75	7.31	10.08	Mth
£20,000-£49,999	10.00	7.50	10.35	Mth
£50,000-£99,999	10.25	7.69	10.62	Mth
£100,000+	10.50	7.88	[illegible]	Mth
$5,000-$49,999	4.00	3.00	4.06	Mth
$50,000-$99,999	4.50	3.38	4.57	Mth
$100,000-$199,999	4.75	3.56	4.83	Mth
$200,000+	5.00	3.75	[illegible]	Mth

Many other currencies are available - for rates please phone ext 2160

Clydesdale Bank PLC
30 St Vincent Place, Glasgow G1 2HL 041 248 7070

	Gross	Net	CAR	Int Cr
£2,000-£19,999	8.75	6.56	9.04	Qtr
£20,000-£49,999	9.20	6.90	9.52	Qtr
£50,000+	9.70	7.28	10.06	Qtr

Co-operative Bank
PO Box 300, Skelmersdale, Lancs 0800 [illegible]

	Gross	Net	Gross CAR	Int Cr
TESSA				
TESSA (Fxd until Jly)	12.50	-	-	[illegible]
Investment 90-98 Day Notice Savings				
£50,000+	11.25	[illegible]	[illegible]	[illegible]
£25,000-£49,999	11.0	8.25	[illegible]	[illegible]
£10,000-£24,999	[illegible]	7.90	[illegible]	[illegible]
£5,000-£9,999	[illegible]	[illegible]	[illegible]	[illegible]
Top Tier—Instant Access Savings				
[illegible]	10.0	7.50	[illegible]	[illegible]
[illegible]0,000-£49,999	9.5	7.10	[illegible]	[illegible]
£5,000-£9,999	8.25	6.20	[illegible]	[illegible]
£1,000-£4,999	7.75	5.80	[illegible]	[illegible]
£1-£999	3.50	2.60	[illegible]	[illegible]
Ultra Interest Bearing Current Account				
£20,000+	7.25	5.40	7.50	[illegible]
£5,000-£19,999	6.25	4.70	6.40	[illegible]
£500-£4,999	3.50	2.60	[illegible]	[illegible]
£1-£499	2.00	1.50	2.00	[illegible]

Coutts & Co
Reserve Account
440 Strand, London WC2R 0QS 071-753 [illegible]

	Gross	Net	CAR	Int Cr
For personal customers				
£50,000+	9.50	7.13	9.84	[illegible]
£20,000-£49,999	9.00	6.75	9.31	[illegible]
£5,000-£19,999	8.50	6.38	8.78	[illegible]
For businesses, charities and societies				
£100,000-£1,000,000	9.125	6.84	9.44	[illegible]
£25,000-£99,999	8.875	6.66	[illegible]	[illegible]
£10,000-£24,999	8.25	6.19	8.51	[illegible]
Coutts Composite Account for clients money				
27 Bush Lane, London EC4R 0AA 071-623 [illegible]				
Rates negotiable up to	10.625	-	[illegible]	[illegible]

Darlington & Co Ltd Investment A/C
70 Prince St, Bristol BS1 4QD 0272 [illegible]

	Gross	Net	CAR	Int Cr
£50,000-£1m	10.25	7.69	[illegible]	[illegible]
£25,000-£49,999	10.00	7.50	10.38	[illegible]
£5,000-£24,999	9.75	7.31	10.11	[illegible]

Financial & General Bank plc
13 Lowndes Street, London SW1X 9EX 071-23[illegible]

	Gross	Net	CAR	Int Cr
H.I.D.A. £50,000	12.00	9.00	[illegible]	[illegible]
H.I.D.A. £10,000-£50,000	11.85	8.89	12.20	[illegible]

Gartmore Money Management Ltd
2-3 White Hart Yard, London SE1 1NX 071-23[illegible]

	Gross	Net	CAR	Int Cr
Money Mngt. Acc.	9.38	7.03	9.71	[illegible]

Girobank plc High Interest Cheque Acc
10 Milk St., London EC2V 8JH 071-60[illegible]

	Gross	Net	CAR	Int Cr
£1,000-£3,999	8.00	6.00	[illegible]	[illegible]
£4,000-£9,999	8.75	6.56	[illegible]	[illegible]
£10,000-£49,999	9.25	6.94	[illegible]	[illegible]
£50,000	9.75	7.31	[illegible]	[illegible]

Humberclyde Finance Group
Chalkley Ct, Winchester Rd, Basingstoke 0256 [illegible]

	Gross	Net	CAR	Int Cr
£50,000+	11.00	8.25	11.34	[illegible]

Kleinwort Benson Ltd
138 Kentish Town Rd, London NW5 2BT 071 267 [illegible]

	Gross	Net	CAR	Int Cr
H.I.C.A. (£2,500+)	10.375	7.78	[illegible]	[illegible]

Lloyds Bank – Investment Account
71 Lombard St, London EC3P 3BS 0272 [illegible]

	Gross	Net	CAR	Int Cr
£50,000 and above	10.90	8.18	[illegible]	[illegible]
£25,000+	10.50	7.88	[illegible]	[illegible]
£10,000+	10.30	7.73	[illegible]	[illegible]
£5,000+	8.90	6.68	[illegible]	[illegible]

Midland Bank plc
PO Box 2, Sheffield. 0742 [illegible]

	Gross	Net	CAR	Int Cr
Exchequer Acc £10,000+	10.49	7.87	10.75	[illegible]
£25,000+	10.97	8.23	11.25	[illegible]
£50,000+	11.21	8.41	11.50	[illegible]
TESSA	11.50	-	11.50	[illegible]

NatWest Crown Reserve Account
41 Lothbury, London, EC2P 2BP 071-[illegible]

	Gross	Net	CAR	Int Cr
[illegible]	10.75	8.06	[illegible]	[illegible]
£10,000 to £24,999	10.50	7.88	[illegible]	[illegible]
£2,000-£9,999	10.125	7.59	10.52	[illegible]

Provincial Bank PLC
30 Ashley Rd, Altrincham, Cheshire 061-[illegible]

	Gross	Net	CAR	Int Cr
H.I.C.A. (£1,000+)	8.75	6.56	[illegible]	[illegible]

Royal Bank of Scotland plc Premium Acc
42 St Andrew Sq, Edinburgh EH2 2YE 031-[illegible]

	Gross	Net	CAR	Int Cr
£50,000+	10.00	7.50	[illegible]	[illegible]
£25,000-£49,999	9.70	7.28	[illegible]	[illegible]
£10,000-£24,999	9.25	6.94	[illegible]	[illegible]
£2,500-£9,999	8.60	6.45	[illegible]	[illegible]

Save & Prosper/Robert Fleming
16-22 Western Rd, Romford RM1 3LB. 0708 [illegible]

	Gross	Net	CAR	Int Cr
Omega (£1,000+) Chq Acc	9.42	7.07	[illegible]	[illegible]
TESSA Fixed 1 Year	8.99	-	[illegible]	[illegible]
TESSA Variable	10.14	-	[illegible]	[illegible]

Sterling Bank & Trust Ltd
Abbey [illegible]

	Gross	Net	CAR	Int Cr
HIDA	[illegible]	[illegible]	[illegible]	[illegible]

Tyndall & Co Ltd
[illegible] Princess Victoria St, Bristol

	Gross	Net	CAR	Int Cr
[illegible] Acc.	09.75	7.31	[illegible]	[illegible]
[illegible]	09.75	7.31	[illegible]	[illegible]
HIMA £100,000+	10.00	7.50	[illegible]	[illegible]
Master Plus	09.63	7.22	[illegible]	[illegible]
TESSA	10.25	-	[illegible]	[illegible]

United Dominions Trust Ltd
PO Box 135, Abbey St, Reading RG1 3BD. 0734 [illegible]
Capital Plus Cheque Account

	Gross	Net	CAR	Int Cr
£1,000+	10.50	7.88	[illegible]	[illegible]

J. Henry Schroder Wagg & Co Ltd
120 Cheapside, London EC2V 6DS 071-[illegible]

	Gross	Net	CAR	Int Cr
Special Acc.	10.00	7.50	[illegible]	[illegible]
£10,000 and above	[illegible]	[illegible]	[illegible]	[illegible]

Western Trust High Interest Cheque Acc
The Moneycentre, Plymouth PL1 1SE 0752 224[illegible]

	Gross	Net	CAR	Int Cr
£25,000+	10.50	7.88	[illegible]	[illegible]
£5,000-£24,999	10.25	7.69	[illegible]	[illegible]
£1,000-£4,999	10.00	7.50	[illegible]	[illegible]

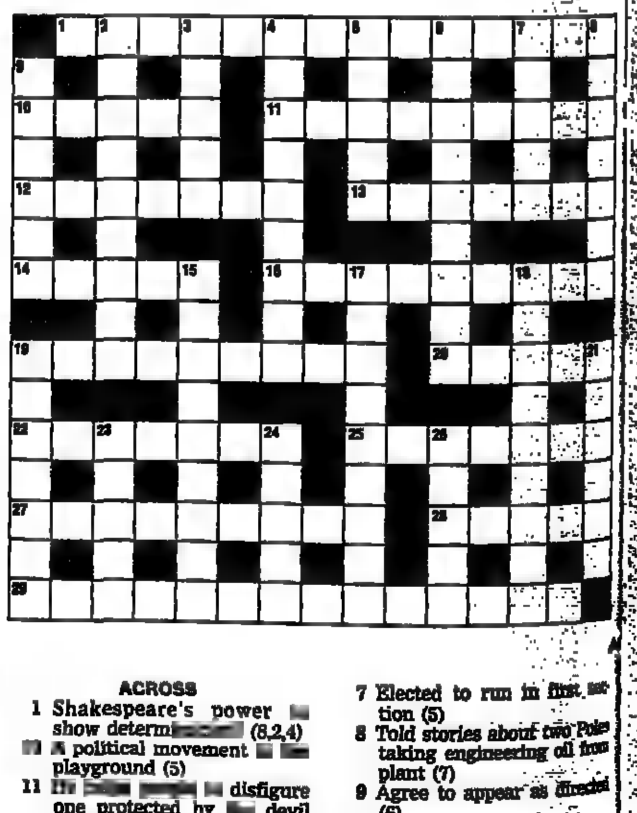
Wimbledon & South West Finance PLC
114 Newgate St, London EC1 7AE 071-606 [illegible]

	Gross	Net	CAR	Int Cr
High Int Cheque Acc	11.25	8.44	[illegible]	Qtr

[illegible] [illegible] Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate'. Int Cr: Frequency at which interest is credited to the account.

CROSSWORD

No.7,616 Set by HIGHLANDER



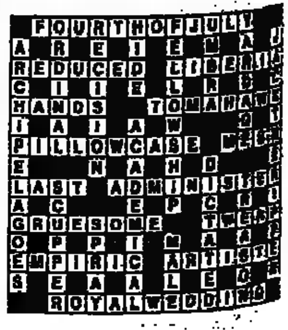
ACROSS

1 Shakespeare's power [illegible] show determ[illegible] (8,2,4)
[illegible] A political movement [illegible] [illegible] playground (5)
11 [illegible] [illegible] [illegible] [illegible] disfigure one protected by [illegible] devil (9)
12 [illegible] to [illegible] – [illegible] shifting (7)
13 Opportunity [illegible] include [illegible] leader's name is faint, says doctor (7)
14 Whose last case note is in explosive [illegible]kage arriving at river? [illegible]
[illegible] Did [illegible] concur [illegible] [illegible] tony, [illegible] said originally [illegible]9)
[illegible] Man said bad storm will create chaos (9)
20 T[illegible] [illegible] a lot [illegible] ground (5)
22 [illegible] certain [illegible] qualify top [illegible]
[illegible] [illegible] [illegible] [illegible] – [illegible] a [illegible] [illegible] shellfish lovers (7)
[illegible] Without drinking money – missing round (9)
28 In this day and age people change for the better (5)
29 [illegible] her case, finds another way to withdraw voting righ[illegible] (14)

DOWN

2 Story covering armis[illegible]ce reported in supplement (9)
[illegible] Impatient with sign [illegible] [illegible]tancy – about time! (5)
4 Cut more obsol[illegible] [illegible] [illegible] fuel container [illegible]
[illegible] Decomposed organic matter, you said, [illegible] [illegible] [illegible] (5)
6 Verbally crossed [illegible] with old soldier in this period (9)
7 Elected to run in first [illegible]tion (5)
8 Told stories about two Poles taking engineering oil from plant (7)
9 Agree to appear as directed (6)
15 Time when madness descended on North Australian (9)
17 Plant with medicinal properties, not taken up by ignorant person (9)
18 Previous legislative measure goes over the point with precision (9)
19 Annoyed exclamation at amount, all raised by enthusiasm (7)
21 Botched raid in the borders produces outburst (7)
23 They support periods of inactivity (5)
24 One example of cattle drive (5)
26 Offensively loud female supporter given request to keep quiet (5)

Solution to Puzzle No.7,615



WORLD STOCK MARKETS

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

DENMARK

[illegible]

FINLAND

[illegible]

FRANCE

[illegible]

FRANCE (continued)

[illegible]

GERMANY

[illegible]

GERMANY (continued)

[illegible]

ITALY

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWEDEN (continued)

[illegible]

SWITZERLAND

[illegible]

SOUTH AFRICA

[illegible]

JAPAN

[illegible]

AUSTRALIA

[illegible]

AUSTRALIA (continued)

[illegible]

HONG KONG

[illegible]

MALAYSIA

[illegible]

SINGAPORE

[illegible]

Prices data supplied by Telekurs.

NOTES – Prices on this page are as quoted on the individual exchanges and are last traded prices. [illegible]

CANADA

TORONTO

3:00 pm prices August 8

[illegible]

MONTREAL

2:45 pm prices August 8

[illegible]

Total Sales 6,704,800 shares

INDICES

NEW YORK

DOW JONES	Aug 7	Aug 6	Aug 5	Aug 2	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Industrials	3026.61	3027.28	2989.04	3006.26	3035.33 (3/6)	2470.30 (9/1)	3035.33 (3/6/91)	41.22 (2/7/32)
Home Bonds	95.33	95.14	94.88	94.82	95.33 (7/8)	91.30 (16/1)	95.51 (9/2/87)	54.99 (1/10/81)
Transport	1225.67	1227.08	1217.74	1223.20	1241.99 (3/6)	894.30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	204.49	203.81	202.43	202.78	220.89 (16/4)	195.17 (10/7)	236.23 (2/1/90)	10.50 (8/4/32)

Day's High 3050.54 (3034.80) Low 3008.50 (2970.48)

STANDARD AND POOR'S	Aug 7	Aug 6	Aug 5	Aug 2	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	390.56	390.62	385.06	387.18	390.62 (6/8)	311.49 (9/1)	390.62 (6/8/91)	4.40 (1/6/32)
Industrials	465.50	465.60	458.85	461.66	465.60 (6/8)	364.90 (9/1)	465.60 (6/8/91)	3.62 (21/6/32)
Financial	31.01	30.97	30.53	30.62	31.58 (18/4)	21.96 (9/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	213.75	213.71	210.99	212.03	213.75 (7/8)	170.97 (9/1)	213.75 (7/8/91)	4.46 (25/4/42)
Amex Mkt. Value	367.33	366.88	366.71	368.40	373.40 (18/4)	296.72 (14/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	507.46	506.20	502.61	505.67	511.31 (17/4)	355.75 (14/1)	511.31 (17/4/91)	54.87 (31/10/72)

	Aug 2	July26	July19	year ago (approx.)
Dow Industrial Div. Yield	3.07	3.10	3.04	3.84

	Jul 31	Jul 24	Jul 17	year ago (approx.)
S & P Industrial div. yield	2.70	2.77	2.74	2.94
S & P Indl. P/E ratio	19.50	19.02	19.74	16.95

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
MGIC Inv Corp	4,600,100	28⅝	—
Texaco	4,007,300	39⅞	+ 3¼
RJR Nabisco	2,846,500	11⅛	+ ⅛
Philip Morris	2,501,900	71⅛	+ ⅞
Pepsico	1,927,100	32½	+ ¼
Telefonos	1,589,800	30½	- ⅞
Fannie Mae	1,540,900	59⅛	+ ⅞
Gen Electric	1,530,600	73¼	+ 1
Glaxo	1,319,800	44⅞	+ ½
United Inc	1,301,900	31⅞	+ 1¼

TRADING ACTIVITY

† Volume (Millions)	Aug 7	Aug 6	Aug 5
New York SE	170.820	173.641	125.790
Amex	11.357	11.963	9.373
NASDAQ	177.269	149.716	117.085
NYSE			
Issues Traded	2,087	2,100	2,077
Rises	873	1,110	583
Falls	698	485	964
Unchanged	516	505	530
New Highs	161	128	80
New Lows	9	11	12

CANADA

TORONTO	Aug 7	Aug 6	Aug 5	Aug 2	1991 HIGH	1991 LOW
Metals & Minerals	3157.93	3139.68	(c)	3163.64	3299.99 (18/7)	2632.06 (9/1)
Composite	3528.70	3515.40	(c)	3522.71	3582.07 (7/6)	3161.95 (15/1)
MONTREAL Portfolio	1863.53	1857.33	1856.36	1861.59	1903.86 (7/6)	1686.89 (9/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Aug 8	Aug 7	Aug 6	Aug 5	1991 HIGH	1991 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1588.6	1591.3	1579.3	1574.9	1591.3 (7/8)	1204.5 (16/1)
All Mining (1/1/80)	702.5	703.9	700.2	699.1	707.2 (24/7)	561.6 (16/1)
AUSTRIA						
Credit Aktien (30/12/84)	463.56	465.36	465.65	468.79	534.81 (16/4)	390.84 (15/1)
BELGIUM						
BEL20 (1/1/91)	1147.41	1151.27	1147.33	1147.20	1212.15 (17/4)	917.59 (17/1)
DENMARK						
Copenhagen SE (3/1/83)	378.42	379.09	378.79	379.55	380.04 (2/8)	302.26 (8/1)
FINLAND						
HEX General (28/12/90)	1000.1	1004.9	1003.7	1003.8	1186.9 (8/4)	890.5 (23/1)
FRANCE						
CAC General (31/12/82)	469.98	467.76	465.92	467.94	494.95 (12/4)	394.88 (15/1)
CAC 40 (31/12/87)	1789.50	1782.44	1759.53	1762.22	1874.81 (11/6)	1425.26 (15/1)
GERMANY						
FAZ Aktien (31/12/58)	677.30	674.00	670.62	673.33	717.43 (17/6)	570.48 (15/1)
Commerzbank (1/12/53)	1914.3	1905.2	1894.5	1901.2	2036.2 (31/5)	1612.5 (15/1)
DAX (30/12/87)	1630.21	1631.43	1611.90	1622.03	1715.80 (11/6)	1311.82 (16/1)
HONG KONG						
Hang Seng Bank (31/7/64)	4046.56	4061.31	4021.27	4063.01	4063.01 (5/8)	2984.02 (16/1)
IRELAND						
ISEQ Overall (4/1/88)	1418.46	1426.49†	1418.27	(c)	1520.65 (15/3)	1114.86 (25/1)
ITALY						
Banca Com. Ital. (1972)	569.43	569.74	571.60	573.90	618.38 (3/6)	486.26 (29/1)
JAPAN						
Nikkei (16/5/49)	23483.46	23401.82	23464.96	23803.25	27146.91 (18/3)	22276.17 (8/7)
Tokyo SE (Topix) (4/1/68)	1815.26	1822.60	1813.23	1834.47	2028.85 (18/3)	1625.00 (17/1)
2nd Section (4/1/68)	3035.65	3046.89	3065.28	3094.88	3423.45 (10/5)	2473.52 (24/1)
MALAYSIA						
KLSE Composite (4/4/86)	564.88	579.40	587.57	595.16	635.02 (29/5)	470.41 (16/1)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	279.7	281.1	279.8	280.8	284.8 (5/6)	221.4 (16/1)
CBS All Shr (End 1983)	199.2	200.2	199.3	200.0	203.1 (5/6)	162.3 (16/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	773.24	780.21	775.25	779.79	792.13 (4/6)	610.45 (21/1)
PHILIPPINES						
Manila Comp (2/1/85)	986.85	1008.86	1011.88	1017.87	1183.40 (29/5)	582.64 (10/1)
SINGAPORE						
SES All-Singapore (2/4/75)	394.55	394.54	396.08	396.36	422.43 (26/4)	315.87 (16/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1251.0§	1289.0	1292.0	1258.0	1469.0 (5/7)	971.0 (25/2)
JSE Industrial (28/9/78)	4085.0§	4073.0	4084.0	4071.0	4093.0 (1/8)	2829.0 (16/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	730.10	741.67	763.10	758.18	763.10 (6/8)	590.57 (22/6)
SPAIN						
Madrid SE (30/12/85)	271.76	273.06	271.99	275.03	289.22 (18/3)	213.70 (14/1)
SWEDEN						
Affarsvariden Gen. (1/2/37)	1090.2	1083.5	1093.3	1114.1	1149.8 (11/7)	808.4 (8/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	758.3	757.7	754.3	759.8	767.2 (16/7)	590.4 (14/1)
SBC General (1/4/87)	631.1	631.0	629.1	631.7	638.0 (31/5)	487.1 (14/1)
TAIWAN**						
Weighted Price (30/6/66)	4964.22	4938.17	4887.03	4981.65	6305.22 (9/5)	3316.26 (15/1)
THAILAND						
Bangkok SET (30/4/75)	699.89	705.99	704.95	709.35	908.13 (19/4)	582.48 (16/1)
WORLD						
M.S. Capital Intl.(1/1/70) ($)	508.5*	509.1	507.3	505.6	529.2 (17/4)	439.1 (16/1)

**Saturday July 27: Taiwan Weighted Price: 5140.30 Korea Comp Ex. 693.22.

§ Subject to official recalculation. † Corrected figure. *Calculated at 15.00 GMT.

Base values of all indices are 100 except: BEL20, HEX General, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 36 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Thursday, August 8, 1991

	Stocks Traded	Closing Prices	Change on day
Osaka Gas	5.2	534	+11
Showa Shell Sek	3.8	1,800	+30
Nippon Steel	3.6	408	-8
M'bishi Oil	3.4	1,110	+30
Mitsui Ship	3.2	575	+12
General Sekiyu	2.3	1,570	+70
M'bishi Matris	2.2	601	+1
Nippon Mining	2.1	665	-8
Nippon Carbon	2.0	981	-8
Hitachi	1.8	1,110	+10

3:15 pm prices August 8

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
16⅞	9¼	AAR Corp x	0.48	0.03	17	126	16¼	16⅛	16⅛	-¼
18¾	14½	A L Labs A	0.18	0.01	19	33	17½	17⅜	17½	+⅛
55⅛	40⅞	AMP Inc x	1.44	0.03	20	1063	52⅛	51½	51⅝	-½
68⅝	41¼	AMR			12	2088	63⅛	62⅜	62⅝	
2⅝	1¼	ARX			1	2	1⅛	1⅛	1⅛	
56	41½	ASA	3.50	0.07	14	274	50¾	50	50⅜	
55¼	39¼	Abbott Lab	1.00	0.02	22	3425	54⅞	53¾	54	-¼
14½	9⅞	Abitibi Pr	0.50	0.04	26	9	14⅛	14	14⅛	+⅛
11⅝	10⅜	ACM Gvt In	1.26	0.11		427	11⅛	11	11⅛	+⅛
9¾	8¾	ACM GvOpp	1.01	0.11		47	9⅜	9¼	9¼	-⅛
9¼	8¼	ACM Gvt Sp x	1.01	0.11		282	9⅛	9	9⅛	+⅛
11	9⅞	ACM Gvt Se x	1.26	0.12		399	10½	10⅜	10½	
8½	7⅝	ACM Man	1.01	0.12		276	u8½	8⅜	8½	
12⅞	11½	ACM Managd	1.35	0.11		394	12⅝	12½	12⅝	+⅛
7½	4¾	Acme Cleve x	0.40	0.06	17	36	6¾	6⅝	6⅝	-¼
6	3½	Acme Elect			37	22	3⅞	3¾	3¾	-⅛
40	22¾	Acuson			23	658	34¾	34¼	34¼	-½
18¾	14¾	Adams Expr	0.48	0.02	0	82	18½	18⅜	18½	
20⅛	17½	Adobe12Pf	2.40	0.14		22	17¾	17⅝	17¾	+¼
9¼	6¾	Adobe Res			20	348	7⅛	6⅞	7	+¼
38⅞	18	Ad Micro				61	34¾	34½	34¾	+¼
14¾	4⅝	Ad Micro P	3.00	0.26		183370	11⅝	11¼	11½	+⅛
5⅛	2¾	Advest Grp	0.16	0.04	6	26	3⅞	3¾	3⅞	-⅛
49⅛	33⅞	Aetna Lf	2.76	0.08		73278	37	36⅛	36⅝	+⅜
10⅝	6⅝	Affil A	0.24	0.03	47	412	8¾	8½	8⅝	-⅛
20¾	12	Ahmanson x	0.88	0.05	11	402	19	18⅝	18¾	-¼
12¾	2⅞	Aileen Inc			14	138	11⅛	10⅞	10⅞	
74⅛	51⅛	Air Pr Chm	1.56	0.02	14	1358	67¼	66½	66⅞	+⅞
30	18⅝	Airbrne Frt x	0.30	0.01	19	348	29	28⅝	28¾	-¼
18⅞	12½	Airgas Inc			92	7	16⅝	16½	16⅝	
15¼	10	Airlease	2.06	0.17	6	21	12	12	12	
94	88¼	AlaPw8.16				z100	92	92	90	-2
25⅛	21⅞	AlaPw PfA	2.00	0.08		11	u25⅛	25⅛	25⅛	
104½	100	AlaPw9.44				2	102	102	101	-2
108	102⅝	Alab Pw 11				2	104	104	104	

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
30	22⅞	BRE Prop	2.40	0.08	14	[illegible]				
39⅛	24⅝	Briggs & S	1.60	0.04	14	[illegible]				
43	38⅝	Brinkerint				[illegible]				
86¼	61¼	Bristol M	2.40	0.03	23	[illegible]				
33¼	24½	Brit Airwy	1.76	0.06	13	[illegible]				
48⅞	39	Brit Gas x	2.50	0.05	12	[illegible]				
77½	63⅞	BP ADR	4.56	0.06	7	[illegible]				
32⅞	26⅝	BP Prudhoe	3.35	0.11	9	[illegible]				
6⅛	3½	BP Wts93				[illegible]				
27⅝	19⅞	Brit Steel	2.14	0.10	12	[illegible]				
68	51¼	Brit Tel x	3.69	0.06	11	[illegible]				
12⅝	4⅝	Broad Inc x	0.20	0.02	8	[illegible]				
30¼	27½	BritnPfd x				[illegible]				
29⅝	27	Brooklyn U	1.90	0.07	13	[illegible]				
84½	76	BrwnFormnB	2.24	0.03	14	[illegible]				
28	21⅝	Brown Grp	1.60	0.06	16	[illegible]				
12⅝	7⅞	Brown&Shrp	0.32	0.04	1	[illegible]				
30⅛	20⅜	Browning F	0.68	0.02	19	[illegible]				
4⅛	2¼	BRT			0	[illegible]				
16⅜	8⅝	Brunswick x	0.44	0.03	65	[illegible]				
20	14⅛	Brush Well	0.72	0.04	22	[illegible]				
27½	23⅞	Buckeye Pt x	2.60	0.10	9	[illegible]				
15⅞	13	Bunker Hill	1.87	0.12	0	[illegible]				
13¾	10¼	Burger K I x	1.56	0.14	12	[illegible]				
15⅛	6⅜	Burl Coat			13	[illegible]				
35¼	26¼	Burl North	1.20	0.04	71	[illegible]				
43¼	32⅞	Burln Resc	0.70	0.02	29	[illegible]				
16	11¼	Burnham Pc	1.36	0.09	44	[illegible]				
2⅞	¼	Businessin			0	[illegible]				

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هكذا من الأصل

NYSE COMPOSITE PRICES

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
Continued from previous page										
26½	29¾	S Anita Rt	2.08	0.08	19	19	24¾	24¼	24¾	+⅛
15¼	14⅛	SCOR US Co	0.24	0.02	8	18	13¼	13⅛	13⅛	-⅛
37	20¼	SPS Techno	1.26	0.04	14	38	29⅞	29⅝	29⅝	-⅛
2⅝	⅞	SeamchMS			5	762	1⅛	1	1⅛	+⅛
13	11	Sabine RR	1.69	0.14	7	28	12⅜	12⅛	12⅜	+⅛
9⅞	6⅜	Safeguard x	0.30	0.04	8	297	8⅜	8¼	8⅜	+⅛
13¼	9⅝	Saleg'd Sc			3	20	11⅝	11⅝	11⅝	
37	25	SafetyKln	0.32	0.01	32	380	33⅞	33	33¼	+¼
21⅞	14⅞	Safeway			17	1088	18⅞	18⅜	18½	
4⅞	2⅞	SafewayWS				134	4⅛	4	4⅛	
35⅞	26⅞	StJoePaper	0.20	0.01	36	197	35	34¼	34¼	-⅞
32¾	29⅞	StJoeLAP x	1.86	0.06	12	76	u32⅞	32⅝	32⅝	-⅛
4¼	1½	Salant Crp			0	8	3	2⅞	3	
67	43⅞	Sallie Mae	0.80	0.01	20	1339	66¼	65½	65⅞	-⅛
13½	10⅝	Salomon Br x	0.60	0.04		636	u13½	13¼	13¼	-⅛
37	22¼	Salomonlnc	0.64	0.02	9	1768	36⅞	36¼	36½	+⅞
46¾	37⅞	SanDgo G&E	2.70	0.07	11	667	40¾	40¼	40⅞	-⅛
4¼	2¾	SantaFeEDu	0.60	0.19	14	29	3¼	3⅛	3⅛	-⅛
16¼	11⅞	SantaFeEPts	0.16	0.01	25	671	12⅞	12	12⅝	+⅛
31¾	25	SantaFePac x	2.65	0.09	9	58	31	30¾	30¾	+⅛
10	6⅞	SantaFeSth			48	1381	d10	9⅞	9⅞	+⅛
44¾	29⅞	Sara Lee	0.84	0.02	21	1422	u44⅞	43⅞	43½	-⅝
¼	⅛	Savin Corp			0	1978	⅛	0.08	0.08	
7⅞	1⅞	Savin 0.80	0.48	0.15		19	2⅞	2⅞	2⅞	
39⅞	33½	Scana Corp	2.62	0.07	8	466	u39⅞	39	39¼	
43¾	38	Scecorp	2.72	0.06	11	1516	u43⅞	43	43	-⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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Prices data supplied by Telekurs.

[illegible]

AMEX COMPOSITE PRICES

3:00 pm prices August 8

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

NASDAQ NATIONAL MARKET

3:00 pm prices August 8

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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AMERICA

Program during afternoon wipes out early Dow gain

Wall Street

HOPES OF another cut in interest rates sent stocks higher yesterday morning until a huge sell program executed at 1 pm sent blue chips plunging, *writes Patrick Harverson in New York.*

By 1.30 pm the Dow was down 17.22 at 3,009.39. The more broadly based Standard & Poor's 500 was also weaker at midsession, down 1.08 at 389.48 at 1 pm, while the Nasdaq composite of over-the-counter stocks again outperformed, rising 1.51 to 508.97. Volume on the New York SE was 109m shares by 1 pm.

Shares spent most of the morning in positive territory, as investors speculated about whether the discount rate would be cut from its current level of 5.5 per cent. At one stage the Dow flirted with its record closing high of 3,035.33.

Shares held on their gains until 1 pm, when one big sell *program sent the market tumbling* by almost 20 points in a few minutes. Observers said the program was not linked to any fundamental factors, but was probably a large investor *taking profits earned during* the recent rise.

Among individual issues Tenneco remained actively bought in the wake of the appointment of a new president. Hopes that Mr Michael Walsh, who has a reputation as an instigator of radical change, will revitalise the company helped Tenneco shares add $2¼ to $42⅛ on volume of 1.6m.

Wells Fargo jumped $4 to $73¾ after Mr Warren Buffet, the well-known American investor, received permission *from the Federal Reserve to* buy up to 22 per cent of the Californian bank's shares. Mr Buffet already owns just under 10 per cent of Wells Fargo.

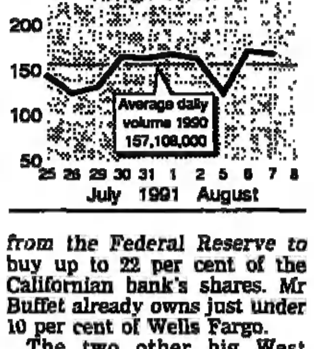
The two other big West *Coast banks rose in sympathy,* with Security Pacific up $¼ at $23¾ and BankAmerica $⅛ at $37.

There was also a *flurry of* buying in two New York bank stocks. Manufacturers Hanover climbed $1⅜ to $30¼ and Chemical Bank rose $⅞ to stand at $27 in active trading. The two banks are due to merge by the end of the year.

HAL, the majority owner of Hawaiian Airlines, slumped $1½ to $7⅞ on the news that it plans to issue more stock and restructure its debt to avoid having to file for bankruptcy.

Avantek soared $2¼ to $4⅝ on volume of 1.5m shares after it entered into a definitive agreement to be acquired by Hewlett-Packard for $82.8m, or $4.60 a share. Hewlett-Packard edged $⅛ higher to $54⅛.

NYSE volume



Canada

TORONTO stocks were flat at midday after recovering from early losses, as the market consolidated and waited for direction from New York. The composite index eased 3.1 to 3,525.5, with transactions valued at C$100.4m. Declines led advances by 218 to 159.

Mediocre second-quarter *earnings results contributed to* the market's weakness.

Moore Corp fell C$1 to C$28¼. The company reported second-quarter earnings below market expectations. Brascan *class A shares dropped C$⅝ to* C$18¼. It reported second-quarter earnings of 1 cent versus 49 cents.

Rogers Cantel, flat at C$19½, topped the most active list on its first day of trading.

Ministers try to revive Istanbul's exchange

But a full recovery depends on the result of the general elections, says David Barchard

TURKEY'S economic overlords, Mr Ekrem Pakdemirli, deputy prime minister, and Mr Adnan Kahveci, finance minister, are trying to breathe life back into Istanbul's stock exchange. This follows a dismal July, during which the market dropped to its lowest level of the year.

Stocks fell on average by almost 21 per cent last month and, with investors showing signs of abandoning the market, the government weighed in. On July 30 the 75-share index dropped to 2,892.94, a hefty 46.8 per cent below the year's high of 5,433 set in February.

On July 31 the two ministers promised to support the market, perhaps by allowing investment incentive funds to be channelled through the exchange. The market responded with an immediate surge of 148.5 points or 5.1 per cent to 3,041. Yesterday it closed at 3,236.15, down 12.05.

Mr Pakdemirli said: "We are behind the exchange, but it needs to be strengthened. The current level of the index is wrong. A lot of shares are at half their real value. Anyone who has got money should be buying now."

A sustained improvement, however, will probably come only when the underlying reasons for the market's malaise are removed. And that in turn may depend on when Turkey next has general elections – and on which government holds power after them.

Last month's poor showing was the result of several factors. "Demand for stock is very slack at the moment. Investors are switching away into Treasury bonds or the newly opened bond market, or even foreign currency," says one Turkish official. "There is no new money entering the exchange at the moment."

One reason why some individuals have begun pulling money out of stocks and shares is that, during July, bank interest rates on term deposits showed signs of rising again. They had been pushed down below the annual inflation rate on ministerial instructions in May. The newly installed government of Mr Mesut Yilmaz is expected to allow banks more freedom to set real interest rates on deposits.

A banker says: "I think Turkish investors are reading the signs. They see from the way the government is behaving that it is probably planning to hold elections this autumn and, until the elections are out of the way, the market is not going to settle down again."

To outsiders the flagging appeal of Turkish companies is all the more puzzling because, in many cases, profits have risen steeply this year

To outsiders the flagging appeal of Turkish companies is all the more puzzling because, in many cases, profits have risen steeply this year – even allowing for the country's 65 per cent annual inflation.

Sabah Yayincilik, the company that publishes Turkey's largest-selling daily, pushed up its 1990 profits to TL13.4bn ($3m) from the previous year's TL4bn. But the market paid little attention.

"Turkish investors are not very *interested in the performance* of particular companies yet," says one American banker in Istanbul. "They prefer the security which comes from trading in a few well-known shares such as the Koç group or Sabanci."

Even so, Koç Holding, the country's oldest, largest and *best-managed industrial conglomerate*, has not been rewarded by the market for producing a 137 per cent rise in first-half post-tax profits.

Vestel, the consumer electronics subsidiary of Polly Peck International, is limping along at TL6,000, far below its flotation price of TL13,500 in June last year, when 18 per cent of its shares were issued.

The best performers have tended to be recently privatised cement companies, sold at a discount by the government and grabbed by private investors who anticipated an appreciation in the shares.

Part of the indifference to company performance comes from the nature of investors on the stock exchange. Institutional investors are growing, *but much of the market is still* made up of Istanbul's traditional merchant groups, who have a shrewd eye for short-term opportunities but regard stocks as just one of several ways of making money in a volatile and highly inflationary environment.

However, a growing number *of brokerage houses testifies to* a steadily increasing interest in the market. And President Turgut Ozal's younger son, Mr Efe Ozal, 24, attracted nationwide attention earlier this year when he purchased a substantial minority shareholding in Marjinal Menkul Degerler, a medium-sized broker.

EUROPE

Company results enliven trade in some bourses

SOME BOURSES were enlivened by interim results yesterday, while others traded quietly in a narrow range, *writes Our Markets Staff.*

AMSTERDAM was pleased with the first-quarter results from KLM, but was let down by Royal Dutch's second-quarter figures. The CBS tendency index ended 0.2 lower at 92.7, reflecting a slow start on Wall Street.

KLM jumped Fl 2.10 to Fl 31 on short-covering, after reporting that net profit for its first quarter, ending June 30, more than trebled to Fl 135.9m. But Royal Dutch fell Fl 1.30 to Fl 159.50 after reporting historic cost net income of £533m, well below forecasts of between £575m and £710m.

STOCKHOLM saw bargain-hunting after its recent weakness. The Affärsvärlden General index added 6.70 to 1,090.2, although volume fell to SKr357m from SKr523m.

SKF free Bs rose SKr3 to SKr105 after the company reported better-than-expected, first-half group income after financial items, and forecast an improved second half.

COPENHAGEN edged lower in thin trading, as attention focused on first-half results. The index eased 0.67 to 378.42.

Superfos, the agri-foods group, shed DKr250 to DKr5,150 after reporting a drop in half-year net profits, but Flügger, the paint maker, gained DKr130 to DKr990 after its results.

OSLO saw heavy selling of Saga Petroleum before its first-half figures today. The all-share index dropped 5.17 to 512.43 in turnover of NKr198m. Saga restricted As fell NKr5 or 4.8 per cent to NKr99.50.

FRANKFURT consolidated after Wednesday's 1.2 per cent rise. The DAX index closed 1.22 down at 1,630.21, falling as low as 1,625.11 shortly after the opening and reaching a peak of 1,637.74 by midsession. The FAZ index, calculated at midsession, rose 3.30 to 677.30, reflecting the previous day's gains in the second part of the session. Volume rose marginally to DM5bn from DM4.9bn.

Continental, the tyremaker, reacted belatedly to the previous day's news that it was following Michelin of France in raising tyre prices. Having been steady at DM198 on Wednesday, the stock jumped DM8 or 4 per cent to DM206.

Schering, the pharmaceutical company, recovered DM5.50 to DM799, after falling recently in response to unimpressive interim results. A positive company meeting with domestic analysts also helped.

PARIS traded within a narrow range in thin dealings, but closed near the day's high. Buying again focused on Michelin and interest rate-sensitive stocks, as the CAC 40 index rose 7.06 to 1,789.50 in turnover of about FFr1.3bn, after Wednesday's FFr1.8bn.

Among the day's biggest gains, CCF, the bank, rose FFr5.20 or 3.3 per cent to FFr162 on volume of 202,230 shares and Compagnie Bancaire added FFr12 or 2.4 per cent to FFr522. Michelin gained another FFr1.30 to FFr110 on 566,350 shares.

Also strong were certificates in Rhône-Poulenc, the state-controlled chemicals group, which rose FFr12.10 or 3.3 per cent to FFr376.10, with 68,975 exchanged. *An analyst said* that the rise followed a push by a leading French brokerage, the Rhône-Poulenc Rorer figures on July 30, and the fall in the share price to FFr340 since it went ex dividend at the end of July.

MILAN closed mixed in calm trading, dominated by technical considerations related to next week's close of the August trading account. The Comit index fell just 0.31 to 569.43 in turnover estimated at more than Wednesday's L73bn.

Mediobanca fell L115 to L16,085 after the state holding company, IRI, denied that it was considering selling all or part of its indirect stake of 25 per cent in the merchant bank.

MADRID's general index eased 1.30 to 271.76, in light turnover of about Pta6bn, down from Pta7.6bn.

Repsol, the oil group, dropped Pta25 to Pta2,685. The fall followed this week's first-half results which, together with worries about second-half *demand and prospects* for the petrochemical industry, prompted James Capel to downgrade its full-year forecast for Repsol by about 3 per cent.

Shares in Iberdrola – the result of the merger of utilities Iberduero and Hidrola – closed at Pta675 on the first *day of quotation. They opened* at Pta670 and fluctuated between Pta677 and Pta668, in heavy volume of 1.25m shares.

BRUSSELS was discouraged by a weak bond market and by a sluggish opening on Wall Street. The Bel20 index fell 3.86 to 1,147.41.

Electrorail, a small holding company, was suspended from trading, pending a statement due on Monday.

ZURICH was little changed, as domestic inflation figures for July came in within expectations. The Crédit Suisse index rose 0.4 to 545.2.

FT-SE Eurotrack 100 - Aug 8

Hourly changes

Open	10 am	11 am	Noon	1 pm	2 pm	3 pm	Close
1111.06	1111.84	1112.40	1112.72	1112.24	1112.58	1111.47	1111.44

Day's High 1113.15 Day's Low 1110.78

Aug 7	Aug 6	Aug 5	Aug 2	Aug 1
1113.11	1105.49	1110.63	1116.44	1114.40

Base value 1000 (26/10/90)

ASIA PACIFIC

Nikkei falls on late round of options-linked selling

Tokyo

THE MARKET continued to languish in low volume yesterday, retreating late in the day on a round of options-linked selling, *writes Neil Weinberg in Tokyo.*

The Nikkei average closed near the day's low at 23,482.46, down 208.56, after staging the week's only gain of 226 points on Wednesday. The low was 23,475.04 and the high 23,839.18, while declines finally outpaced advances by 585 to 304 and 200 issues were unchanged.

The Topix first section index slipped 7.34 to 1,815.26 and the second section index shed 11.24 to 3,030.65, but in London the ISE/Nikkei 50 index rose 4.77 to 1,380.78.

At 180m shares, trading volume was up from the previous day's 170m but remained below the 200m level for the fifth consecutive day, reflecting the market's bearishness as well as the traditional summer lull.

Prices began slightly higher on arbitrage-linked buying, but stuck within a fairly narrow range. The sharpest move came late in the day on selling pressure related to today's close of trading in August stock index options.

Investors remained worried about where the unfolding bank and securities scandals would lead next, but they were even more concerned about widespread selling interest among institutions and margin traders.

Outstanding margin trading balances now stand at about 25 times daily trading volume, a high level by historical standards, and unrealised losses average about 15 per cent, according to Mr Craig Chudler, strategist at UBS Phillips & Drew. "The downside potential in this market is still very large," he said.

Reports that Todo Construction had cancelled a large condominium project in Los Angeles with All Nippon Airways triggered a retreat by builders. Todo ended Y10 down at Y1,460 on relatively heavy volume. Katsumura Construction retreated Y80 to Y1,200.

Among electricals, Pioneer Electronic dropped Y60 to Y3,710 and Casio Computer Y50 to Y1,330. Nikon, which suffered a heavy bout of selling earlier in the week on poor earnings expectations, rebounded by Y20 to Y1,060.

Electricity and gas utilities and non-life insurers continued to attract buyers on expectations that their earnings will receive a boost from interest rate cuts. Osaka Gas moved ahead Y11 to Y534 and Yasuda Fire & Marine Y14 to Y929.

Oil shares were supported by margin traders. General Sekiyu gained Y70 to Y1,570 and Mitsubishi Oil Y30 to Y1,110.

In Osaka, the OSE average dipped 11.48 to 25,826.32 on volume of 7.22m shares. Nintendo receded Y300 to Y12,400.

Roundup

THE Pacific Rim was generally lower yesterday, after Wednesday's gains.

AUSTRALIA ended slightly easier, after the flat performance overnight on Wall Street. A belief that domestic interest rates would not be cut before the budget on August 20, together with news of a jump in July unemployment, also made investors hesitant.

The All Ordinaries index lost a net 2.7 at 1,588.6, after reaching a day's high of 1,598.4. Turnover grew from A$270m to A$523m, but this included the sale of an 18 per cent stake in ANI, the engineering group, by Consolidated Press. ANI declined 5 cents to A$2.15.

News Corp bucked the trend, rising 36 cents to A$8.76 after an overnight New York gain.

Coca-Cola Amatil, the beverage and snack foods company, weakened 26 cents to A$8.20 on worries about the company's full year earnings. On Wednesday it reported a 25 per cent rise in net operating profit for the first half.

HONG KONG recovered from its lows, which had followed heavy deposit withdrawals from local Citibank branches in reaction to rumours – denied by the US bank – of financial difficulties. The Hang Seng index finished 14.75 off at 4,046.56, after falling more than 22 points earlier. Turnover was similar to Wednesday's at HK$1.57bn.

Playmates International, the maker of Teenage Mutant Ninja Turtle toys, dipped 55 cents to HK$5.15 after announcing a lower than anticipated rise in first-half profits.

KUALA LUMPUR lost 2.5 per cent, its largest single-day drop this year, as selling accelerated on fears of higher interest rates. The composite index fell 14.52 to 564.88 in volume of 48.6m shares, up from 33.8m.

SINGAPORE came off the day's lows on late bargain hunting. The Straits Times Industrial index fell 7.21 points initially, but closed only 2.97 down at 1,462.58. The market is closed today for the National Day holiday.

SEOUL retreated on profit taking in slow trading, although banks went limit up on rumours of planned rights issues. The composite stock index declined 3.57 to 738.10 on turnover of Won578bn.

TAIWAN closed higher after thin trading. The weighted index added 28.05 at 4,866.22 in turnover of T$20.2bn, after Wednesday's T$20.4bn.

BANGKOK's volume fell to its lowest for two months as the SET index dropped below the 700 support level. The index lost 6.10 to 699.89 on turnover of Bt1.92bn.

SOUTH AFRICA

JOHANNESBURG was firmer in thin trading. The all-gold index crept up 2 to 1,291, the industrial index added 12 to 4,085 and the all-share rose 14 to 3,480. Vaal Reefs was 50 cents up at R222.50 while De Beers eased 25 cents to R90.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY AUGUST 7 1991								TUESDAY AUGUST 6 1991					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991 High	1991 Low	Year ago (approx)
Australia (69)	151.58	+1.1	131.11	130.12	134.75	128.62	+0.9	5.00	149.90	129.81	128.53	133.46	127.49	151.58	112.74	147.11
Austria (20)	176.06	−0.3	152.29	151.13	156.52	157.23	−0.1	1.60	176.53	152.87	151.37	157.17	157.43	222.37	167.00	250.29
Belgium (49)	132.55	+0.1	114.66	113.78	117.84	115.55	+0.4	5.10	132.40	114.66	113.52	117.88	115.09	151.20	121.73	148.98
Canada (114)	139.55	+0.4	120.71	119.79	124.06	115.96	+0.3	3.27	139.05	120.42	119.22	123.79	115.64	142.27	126.49	138.37
Denmark (37)	260.22	−0.1	225.09	223.38	231.34	235.09	+0.1	1.50	260.38	225.49	223.27	231.82	234.88	270.56	217.74	284.24
Finland (18)	101.01	−0.2	87.37	86.71	89.80	87.79	+0.2	2.74	101.24	87.68	86.82	90.14	87.63	125.15	90.00	134.49
France (109)	133.31	+1.1	115.31	114.43	118.50	121.60	+1.0	3.65	131.82	114.16	113.03	117.36	120.40	152.26	120.60	145.69
Germany (65)	109.23	+0.7	94.49	93.78	97.11	97.11	+0.6	2.31	108.47	93.94	93.02	96.57	96.57	125.35	102.03	129.51
Hong Kong (55)	169.49	+1.1	146.61	145.49	150.69	168.89	+1.1	4.13	167.59	145.14	143.70	149.22	167.00	169.57	119.62	129.21
Ireland (18)	155.70	−0.3	134.68	133.66	138.42	141.00	+0.0	3.55	156.17	135.24	133.91	139.04	140.96	182.46	132.88	168.68
Italy (77)	75.66	−0.7	65.44	64.94	67.26	72.32	−0.8	3.23	76.18	65.98	65.32	67.82	72.88	88.23	69.89	98.88
Japan (474)	131.55	+0.5	113.79	112.92	116.96	112.92	+0.6	0.75	130.87	113.33	112.22	116.53	112.22	146.97	118.35	132.59
Malaysia (68)	219.82	−0.9	190.14	188.69	195.42	234.30	−1.2	2.81	221.88	192.15	190.25	197.54	237.05	247.78	192.83	223.11
Mexico (16)	1114.00	−1.4	963.60	956.28	990.38	3672.86	−1.4	1.48	1129.52	978.17	968.53	1005.64	3724.03	1152.58	534.45	532.98
Netherland (31)	141.59	+0.7	122.47	121.54	125.88	124.53	+0.5	4.30	140.66	121.81	120.61	125.23	123.90	145.73	125.70	140.75
New Zealand (14)	47.63	+1.3	41.20	40.89	42.35	44.07	+1.4	6.90	47.04	40.73	40.34	41.88	43.46	54.64	41.18	64.84
Norway (32)	204.49	+0.6	176.88	175.54	181.80	185.90	+0.7	1.58	203.21	175.98	174.25	180.93	184.52	223.24	182.24	259.89
Singapore (38)	197.76	+0.0	171.06	169.76	175.81	157.30	+0.1	2.18	197.82	171.31	169.63	176.12	157.21	208.25	151.63	183.55
South Africa (61)	244.16	−0.4	211.20	209.59	217.06	173.00	+0.0	3.15	245.07	212.23	210.13	218.18	173.08	258.85	173.00	190.95
Spain (54)	152.17	+0.3	131.62	130.62	135.28	123.52	+0.4	4.34	151.67	131.34	130.05	135.03	123.00	171.12	131.51	163.05
Sweden (25)	187.81	−1.2	162.46	161.22	166.97	173.22	−1.0	2.56	190.08	164.61	162.99	169.23	174.95	204.12	146.60	214.39
Switzerland (56)	94.63	+0.4	81.86	81.24	84.14	87.65	+0.3	2.20	94.28	81.65	80.85	83.95	87.36	100.67	82.17	97.94
United Kingdom (240)	177.65	+1.0	153.67	152.49	157.92	153.67	+0.9	4.77	175.88	152.31	150.80	156.58	152.31	187.44	156.27	166.19
USA (527)	158.31	+0.0	136.94	135.91	140.75	158.31	+0.0	3.06	158.24	137.03	135.69	140.89	158.24	158.31	125.95	136.37
Europe (831)	139.90	+0.7	121.01	120.09	124.38	123.28	+0.6	3.87	138.94	120.32	119.14	123.71	122.54	151.52	125.50	146.49
Nordic (110)	188.53	−0.4	163.08	161.84	167.61	165.39	−0.3	1.97	189.34	163.97	162.35	168.58	165.81	200.81	155.55	209.56
Pacific Basin (718)	133.02	+0.5	115.06	114.19	118.26	114.76	+0.6	1.10	132.30	114.57	113.45	117.79	114.05	145.92	117.86	132.94
Euro – Pacific (1549)	136.08	+0.6	117.71	116.81	120.98	118.95	+0.6	2.23	135.27	117.14	115.98	120.43	118.22	147.66	121.29	138.82
North America (641)	157.08	+0.1	135.87	134.85	139.67	155.45	+0.1	3.07	156.97	135.94	134.61	139.78	155.36	157.08	125.91	136.40
Europe Ex. UK (591)	117.49	+0.4	101.63	100.87	104.47	105.81	+0.4	3.18	116.97	101.29	100.31	104.16	105.39	129.80	108.85	132.31
Pacific Ex. Japan (244)	147.60	+0.8	127.67	126.72	131.23	131.22	+0.7	4.29	146.46	126.84	125.61	130.41	130.36	147.60	111.40	136.27
World Ex. US (1740)	137.91	+0.6	119.29	118.39	122.61	120.30	+0.6	2.28	137.14	118.76	117.60	122.10	119.60	148.16	122.32	139.54
World Ex. UK (2027)	140.53	+0.3	121.55	120.64	124.94	130.03	+0.3	2.31	140.11	121.34	120.15	124.76	129.61	145.77	120.06	134.34
World Ex. So. Af. (2206)	143.10	+0.4	123.78	122.85	127.23	131.92	+0.4	2.56	142.56	123.46	122.25	126.93	131.40	148.66	122.92	137.02
World Ex. Japan (1793)	151.60	+0.3	131.13	130.14	134.79	142.87	+0.3	3.41	151.14	130.88	129.61	134.58	142.48	152.83	126.89	141.18
The World Index (2267)	143.76	+0.4	124.35	123.41	127.81	132.27	+0.4	2.57	143.23	124.04	122.82	127.53	131.76	149.01	123.28	137.34

Constituent changes with effect 9/8/91: Deletions, Cie Maritime Belge Ord. and A (Belgium). Latest prices were unavailable for this edition.